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# East Europe

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## HUNGARY

### Inside Story of Party Congress Revealed

25000515 Budapest FIGYELO in Hungarian  
26 Oct 89 p 3

[Article by Attila Agh, deputy director of the Foreign Affairs Institute and leading personality of the Hungarian Socialist Workers Party (MSZMP) reform alliance: "New Testament"]

[Text] Now that a few days have passed since the establishment of the Hungarian Socialist Party [MSZP], we have gotten over the initial reactions of the domestic and the international press, the opposition parties and of public opinion, moreover, as a result of the initial sessions of the presidium, we have taken the first steps toward organizing the new party. The fact that outsiders recognized the congress as something completely different from what I, as a leader of the Reform Alliance, saw is stunning. What raises concern is not whether they viewed the congress favorably or unfavorably. The problem is that they want to describe the new party along the old patterns, even though the party that has come into being is a new type of left-wing socialist party composed of the alliance of political trends. We could even call it the "New Testament."

The old reflexes manifest themselves primarily in the fact that they regard the new party as a result of agreements reached among the leaders, and everyone has some colorful and "authentic" stories to tell about arguments within the leadership and concerning the final agreement. There is no party in which the agreements of leaders at large would not play an important role, but in this instance such agreements constituted a necessary condition at most. These agreements did not represent a satisfactory condition, and by no means were they the decisive condition. Leaders did not forge, give birth to, or fight for the agreement that led to the establishment of the new party; the "platforms," the political trends did. This party is a party of platforms and trends, and it will stay alive and function effectively as long as, and to the extent that these political trends cooperate. Those capable of reciting only the adverse, commonplace claim that only the sign on the storefront was painted anew, understand neither the recent past of the party crisis, nor the internal history of the entire party congress. This applies, irrespective of whether these critics make this claim "ex officio," as representatives of other parties, or as neutral observers.

#### Recent Past of Party Crisis

The blocking of the radical transformation and self-cleansing process of the party in crisis began soon after a half turn was made at the May 1988 party conference. We may call this blocking maneuver the "groszification" of the party, because Karoly Grosz, who played a positive role in preparing the May party conference, appeared increasingly, and ever more forcefully as the

brakeman for change, while he endeavored to appoint his disciples to an increasing number of leadership posts. In this new situation the party did not have a program of principle, a credible and unified leadership, or a membership capable of acting. In other words, the party was not a genuine party; it got stuck halfway between dismantling the state party and establishing a new, competitive party. The "uprising" of the party's membership segment committed to reform, and its efforts to organize itself to become a movement removed the party from its condition of protracted crisis and political decline. The most active part of the membership could once again sense the euphoria of organizing a movement. These sensations came about in the form of broadening reform circle initiatives. They also received a taste of the bitter-sweet flavor of semi-illegitimacy, because the reform movement that began in the fall of 1988 and spread quickly, mostly in the countryside, ran into resistance staged by the pro-Grosz leadership. The reform movement was able to enforce the idea of free platforms—the free functioning of trends, streams, and political groupings active within the party—only in the course of political battles. (Meanwhile the Ferenc Munnich society organized itself outside of the party as a matter of formality, but in reality could be regarded much more as a Hungarian Socialist Workers Party faction because it concerned itself exclusively with party affairs, and was free to conduct its activities.)

The fact that it was possible to force the party to call a congress may be credited to the May 1989 Szeged conference of the reform circles. Insofar as the party membership was concerned, the earlier leading bodies rapidly lost their legitimacy beginning in May, and the role and significance of political groups and platforms increased at a similar speed. The Central Committee [CC], which stubbornly guarded continuity, virtually knocked itself out by not being ashamed to vote to include its members as full-fledged delegates at the party congress. Mass outrage signaled the fact that the era when the party membership was as tolerant as sheep has come to a close. The election of delegates produced real political battles, and delegates increasingly organized in terms of platforms and gathered in political groupings, thus establishing a promising precedent for the new party.

The prologue to the congress includes the fact that on 2 and 3 September the reform circles organized a national conference. Rezso Nyers, Imre Pozsgay, and Miklos Nemeth took part. In the spirit of full openness toward reform circles, the reform bloc was established in Budapest 18 September, and so was the Reform Alliance on the first day of October. The latter constituted the national organization for the reform movement. Quite naturally, not only the forces demanding change organized their ranks. Resistance manifested by the old structure also gained strength. As a result of its old reflexes and routines—though with many good intentions and endeavors to accomplish change—the central apparatus tried to squeeze the congress into an agenda

established in advance, and attempted to direct the congress from the top. On this "front," debate pertained to issues of formality, such as the rules and the agenda of congress, its daily schedule, and the authority of its working committees. Between an "overly organized" apparatus and a "less than organized" reform movement, however, matters of formality also turned into fundamental political issues.

#### **Lessons Learned From the Final Rehearsal in Budapest**

The real difficulty in preparing the congress presented itself in the dominance of the organizing principle based on regions. This principle was one of the fundamental organizational forms adopted by reform forces in reform counties, as this has become known nationwide as a result of the Csongrad initiative and the Zala County proclamation entitled "Wake Up, Comrades." But there were quite a few conservative counties where delegates were elected, and teamed under the banner of the county first secretary as the leader of the delegation under pressure exerted from the top, often under circumstances of intimidation. Taken as a whole, this congress was the congress of the countryside, the great event in which the reform forces of the countryside achieved a breakthrough. If for no other reason, the principle of the regional organization of delegate groups could not be pushed to the wayside. But the forcing of, and focusing on, the idea of organization by regions carried the promise of certain fiasco. This became most apparent at the Budapest party conference (23-24 September), where the main rehearsal of this fiasco was organized. The Budapest party leadership enjoys the questionable glory of having served as headquarters for conservative forces in the course of preparations, and therefore it defended the regional principle and the idea of organizing from the top down—i.e. the old routine and the old cadres—to the last moment.

The great "merit" of the Budapest party conference was the fact that it taught many negative lessons. It showed that the party congress would be doomed to failure if it was not well prepared and if the apparatus conducted the agenda. This is because the various districts still played a lead role at the party conference, and this fact led to endless debates and to idle balloting. Unlike at the congress, the primacy of platforms did not prevail at the party conference, and the inflexibility of the chair—the absolute insistence on uniformly allotted time to speak applied to all participants—resulted in the muzzling of Reform Bloc Chairman Ferenc Kosa while he reported the political platform. To be accurate, he was able to continue with his statement only a few hours later, even though there were hardly any other substantive remarks. Accordingly, at the party conference the great tragedy of the party's "groszification" came to an end in the form of a mediocre apparatus comedy.

#### **Battle of Platforms**

Two main political trends—the Reform Alliance and the People's Democratic Platform—and three power centers—these two and the Countryside—evolved at the

congress. Seven platforms were announced at the outset: Working Together, the Platform for the MSZMP, the Youth Platform, and the Agrarian Platform in addition to the above. These platforms either gained strength or disintegrated, and were followed later by yet another platform called "For a Healthy Hungary." The progress of the organization, meetings, caucuses, debates, and agreements of these platforms constitute the inside story of the congress. The emergence of platforms in the form of political groupings broke down congress's carefully prepared rules, upset its agenda, and eliminated its carefully detailed schedule. Political groups became the lead actors and defined the profile and style of the congress. They carried the negotiated issues to a point of decision, and struggled for and won their own rules. "Recess" became the most important time period in the course of the "new" congress; during recesses negotiations among advocates of various platforms took place, leaders of platforms argued and reconciled, and emerging agreements were incorporated into platforms before such agreements took the form of proposals at the plenary session. This is the way the new party came about in the form of an alliance of platforms, unnoticed by or to the chagrin of many, and as the tiresome joy of recognizing organized strength for others—the large majority.

In the age of the state party, the party demanded discipline akin to the military and tried to create the semblance of an invincible concrete fortress, but meanwhile we forgot the meaning of the word "movement." A person who has not seen an emerging movement, complete with the bursting energies and restless teenage exaggerations of dissatisfaction and determination, and with the syndromes of "several hundred people talking at the same time" and "I must say something by all means," may dismiss this entire matter with an aristocratic motion as the working of amateurs. And that's what it is. The movement is composed of amateurs—in the original and genuine meaning of that term—who passionately love to do what they are doing, and are proud of it. All movements constitute an insurrection against professional politicians, and are guided by this watchword: Let us besiege, let us destroy and then rebuild anew the apparatuses. Whatever begins as a movement ends up as an organization—this is also part of the congress' inside story—but this party can be effective and functional in the long term only if the movement preserves its youthful control over, and its irreverent force vis-a-vis the obviously indispensable new organization.

Platforms and political groups at the congress represented the initial stage of organization, and the minimum of organizational framework. Their fragile organizations and their smaller or larger leadership groups were hardly able to see through the multitude of issues discussed. But they were always able to focus on the most important issues. They could have struggled as captives of the well organized central apparatus, had it not been for the fact that inside the individual leaders of these

groups a recognition of a need for change was fermenting, and had it not been for the multitude of delegates swaying over its own organizers like a huge mass of water pouring down from high above, at every turn of the debate on "what kind of party should we have." The overly organized apparatuses and the under-organized movements met at a middle ground on a number of points, and whatever came about resembles a party movement. This is so, even though in some case-mates of the old concrete fortress some old cadres continue their rear guard struggle, and the movements did not really recognize whether or not they had actually arrived home. In any event, nothing could be seen of, or understood about, the congress unless one sensed its humane mood, its joys and disappointments, the tumbling and rolling of crowds, some personal tensions, and the deep-running processes of political catharsis, all of which were unknown to this party for 4 decades.

#### Under the Pirate's Flag

The fact that this party incorporated two main trends was clear at the historic moment when we parted paths and when new unity was formed. The Reform Alliance placed greater emphasis on radical renewal and discontinuation, and therefore it was "prepared" before the congress. Another pressing need called for the organization of a trend which, after having accepted quite a few changes, and having criticized the past, called for continuity by stressing "renewal" of the party rather than the need for a "new" party. It came as a great surprise when many matters crystallized in the form of the People's Democratic Platform, after parting ways and at the time the New Testament was formed. Replacing some tired apparatchiks, worn out names, and the rapid succession of commonplace statements, some new names emerged, open to change, prepared to innovate, and with the endurance to compromise. The 2 October "founding letter" in NEPSZABADSAG reflected left-ish ideals—the goal of self-governing society against the rule of political elites—and from among the signatories Laszlo Ildiko represented the countryside, Tamas Krausz the leftist theory, and Bela Fabry the energetic organizers. Actually, the People's Democratic Platform was fathered by the congress, although with its 68 delegates at the beginning of congress it was the second largest platform. Nevertheless it gained strength. It had 300 delegates during the congress, because it was able to provide a sensible alternative and a functional political framework for an actual, existing trend within the party.

Members of the Reform Alliance could be regarded as reform socialists, while members of the People's Democratic Platform could be called reform communists. It makes one ponder that a year or two ago reform communism was written on the minority banner of the radical reform intelligentsia, while at the congress it became the pirate flag in the undeserving hands of conservatives in hiding. Once the turmoil of words settles down, the expression "reform communist" will be suitable to characterize the followers of the People's Democratic Platform who accept reform, but stand for

greater continuity in the party, and reach back to Lenin's ideals which represent true autonomy within a council system. On the other hand, reform socialists are related to a marxist ideal which ties the fundamental values of socialism to the most highly developed countries prevailing at a given time, and places those in the context of global development. Thus, in their eyes the new party represents a changed system in society, a falling in line with the main trends of global development, i.e. the need for a European socialist party with an independent profile.

#### Prior to the Party Conference

Despite the fact that the fundamental poles have been clarified, it would be a mistake to reduce the platform movements to these two main trends. Most importantly, one should not forget the Countryside—a group that united in the meantime with the agrarian group and formed a delegate group of more than 100. After all, the success of the congress represents their victory. The Countryside also represents a platform of principle. It is a protest against the overly centralized state of power and regions, against giant maniac, parasitic, large industrialization. And behind the direct interest protection of development in the countryside and of the agrarian branch, there emerges a demand for a huge block of civil society, for small communities, for a world of local and regional organizations, and for a social order of human proportions.

Although the Reform Alliance and the People's Democratic Platform did form an alliance at the congress, and reached compromise in the course of heated debate, it would present great danger if only these two trends were to remain on the terrain of platforms.

At the congress, the Countryside established lasting and beneficial cooperation with the Reform Alliance, and the same took place between the Workers Section which emerged later during the congress and the People's Democratic Forum. It is apparent that the formula is made more complicated by cross organizational efforts and by ad hoc alliances, because none of the main trends are able to surrender the idea of serving as a magnet for smaller groups and sections. And yet, the new party will become functional only if it becomes an alliance of platforms in which individual platforms do not aim to defeat, control, or oust the other, but instead endeavor to achieve a greater power of influence for themselves and accept other platforms as valid political alternatives and as partners with whom it is possible to negotiate. In this case Hungary will resemble that happier part of Europe also in this respect, by having a strong left-wing socialist party. If the People's Democratic Platform becomes filled with, and overflows as a result of an abundant number of old time apparatchiks, and loses its original candid idealism, it will become a burden to the new party. At that point a political struggle for radical renewal may once again begin. It would be a similar loss if those who forget about the domestic and international

correlations of realpolitik would want to establish a monolith party from the Reform Alliance side.

There are enough things to be concerned and done about. More party conferences will follow the congress. At those party conferences we must harvest the crop produced by the congress. It would be beneficial if the reform wave would finally reach the Budapest party organization, the last citadel of the tired apparatus style.

After so many local, county, and large city tragedies and comedies I am relieved to say farewell to the history of the MSZMP, in that enthusiastic mood which broke through fatigue and characterized the assembled Reform Alliance at its meeting at dawn, on Tuesday. Without becoming more radical and in the absence of more renewal, the new left-wing socialist party will not have a real future in Hungarian society. The congress represents a beginning in this regard, and the needed organizational security may be provided by the maintenance of the Reform Alliance. This was decided at dawn, on Tuesday, in the dual state of dead tired satisfaction, and emerging dissatisfaction, which points toward new debate.

#### **Parliamentary Debate Over Pivotal Laws Outlined**

25000523 Budapest HETI VILAGGAZDASAG  
in Hungarian 28 Oct 89 pp 4-5

[Article by Endre Babus: "Parliamentary Debate Over the Pivotal Laws: A Medium Strength Republic"]

[Text] At last, the National Assembly has adopted the fundamental laws of the Hungarian Republic proclaimed Monday. This took place amid periodic tooth grinding and by giving in to pressure exerted by the government. After codifying the 18 September trilateral agreement, the fate of that document—also referred to as the historic compromise—remained questionable in part. By now it has become very doubtful whether a direct election to choose a president of the republic by popular vote will take place, or if the new parliament will designate the head of the republic.

Just prior to the adoption of the Hungarian constitution last week, a dramatic recess was ordered in Parliament to permit the prime minister to convene a special meeting of the government. The meeting was called after Representatives Tallosy and Tomsits suggested that Parliament may be walking into a trap if it calls for presidential elections at the same time it adopts the constitution, and if later—perhaps within weeks—Parliament is forced to order a referendum on the same issue, in response to the Alliance of Free Democrats [SZDSZ] and Association of Young Democrats [FIDESZ] initiative.

An hour and a half of confusion followed. News about a government crisis began to circulate. It could not be verified. One could hear statements to the effect that the Council of Ministers would ask for a vote of confidence concerning itself, thus trying to persuade Parliament to continue with the constitutional process. The tense

atmosphere prompted everyone to make some outspoken remarks. In one corner of the chamber, the leader of the most influential opposition force described the dangers of letting emotions loose to the "front man" of the party that initiated the idea of a popular referendum. He said that the way the situation had evolved brought with it the threat that a Bela Kun type politician would emerge. Meanwhile, in the course of heated debate several representatives proclaimed that the referendum proposal acts as a torpedo to the 18 September political agreement, and therefore the House should not be expected to enact into law the agreements reached with regard to the constitution. Mentioning the State Minister's [Pozsgay's] name, there were remarks to the effect that a silent revolution was beginning to devour its own children.

In the end, the stalemate was resolved pursuant to the parliamentary ritual that has worked during the past months. The prime minister warned representatives to continue with their legislative work so that accelerating political processes would not transcend the authority of the National Assembly. This warning had the same effect as Imre Pozsgay's dialogue was to have 2 days later. (A sweeping majority of the representatives approved the constitution of the republic.) The state minister reminded the National Assembly of the fourth Russian Duma that became increasingly opposed to the election law. In the final days of its existence that fourth Duma obeyed exclusively the demands made in the streets.

In debating the election law it appeared that some representatives had already forgotten that a few hours earlier they had adopted a constitution designed for a multiparty system. The primary complaint focused on the intent to drastically reduce the number of individual voting districts from 350 to 152, due to the introduction of county-wide and national party slates. Some representatives agitated directly in favor of maintaining the present system based purely on individual voting districts. They did not care about the fact that continuing the present system would lead to severe disproportions in a multiparty election (HVG 16 Sep 1989). (That is, in a system based on individual voting districts, fractional votes cast for losing parties are lost.) Only a few representatives, such as Attila Zsigmond, opposed attempts to radically reduce the number of mandates available on the basis of party slates. Zsigmond clearly stated that in the event that an excessive number of individual voting districts remained, Parliament would remain a lobby for local interests, and not a legislature framing national policies. This line of thought, however, was just as unconvincing to representatives who made no secret of their antipathy toward new parties, as was the argument which held that a Parliament organized around party politics must abandon the representation of church and nationalities interests, both of which have a corporate character.

While chances of approving the proposed new election law increasingly faded in the chamber, opposition politicians and government experts in the corridors pondered ways by which Parliament's support could be attained on the basis of an acceptable compromise. It is hardly doubtful that in the end Parliament gave in not because the number of individual voting districts was raised from 152 to 176, but because Pozsgay delivered his above-mentioned speech, including the parable.

Although it was difficult for the National Assembly to give in on the new election law, it was self-evident to accept the opposition's view concerning the removal of politics from the workplace. Approval of this idea was totally unexpected, particularly if one considers the fact that 83 percent of the representatives voted in favor of the measure. Barely a week before, the same majority of representatives from the ruling party had voted at their congress to retain party organizations in the workplace. True, only 137 members of the Hungarian Socialist Workers Party's [MSZMP] 280 parliamentary faction members joined the successor party, and it is apparent that a majority of even these 137 representatives voted in Parliament contrary to the resolution adopted by the congress. This is because only 44 representatives voted to retain party organizations at workplaces. The cause for the Hungarian Socialist Party's [MSZP] spectacular defeat may be found not only in the resounding success of the SZDSZ and FIDESZ signature drive, but also in the fact that the government's three key politicians (Nemeth, Pozsgay, and Horn) made a spectacular stance when the MSZP was formed and voted to depoliticize workplaces. Most likely, this confrontation between the MSZP and the government served to provide notice that after the establishment of the new party the Council of Ministers will continue to regard itself in an unchanged manner as an independent power center—one that intends to take steps from time to time toward playing the role of a national unity government.

Again, most likely, the abolition of the Workers Guard without a legal successor was supposed to strengthen this position. Passage of this radical measure was obviously forced by the referendum initiative. At the beginning of last week's parliamentary session they were still talking about the idea of the government integrating the Workers Guard with the Army.

And since a few hours later the Finance Minister submitted to Parliament his 158-page report concerning the MSZP's and the rest of the social organizations' assets, and about state subsidies provided between 1986 and 1989, there remained only one essential unanswered question at the conclusion of the National Assembly session, from among the ones the SZDSZ and FIDESZ sought an answer to by way of a referendum.

That question pertains to none other than the election of the head of the Hungarian Republic and whether he should be elected prior to parliamentary elections by way of popular vote, or after the parliamentary elections by Parliament. As adopted, the constitution of the Republic

enables either solution. Its final paragraph has this to say: "If the office of the president of the Republic, restored as a result of this law, is filled prior to the election of a new National Assembly, the president of the Republic shall be elected by citizens having the right to vote on the basis of the general and equal election law for a 4-year period through direct and secret ballot."

As is known, the government and the MSZP planned to hold presidential elections first. This is strongly opposed by the radical wing of the opposition. It claims that a head of state elected by the people and regarded as having powers of medium strength, would have an overly large basis for claiming legitimacy, and that in a possible crisis situation the president could place himself above Parliament on the basis of such legitimacy.

Last week the Council of Ministers finally submitted to Parliament the legislative proposal concerning the election of the president (and the House adopted it), but the designation of the day of the election was postponed until the late October session. An increasing number of indications suggest that an indeed unavoidable referendum will decide this disputed domestic policy issue which has acquired first class significance.

At the same time it would not hurt to recall that simultaneously with last week's National Assembly session another signature drive was initiated in Budapest's underpasses. The Hungarian October Party wants a referendum with regard to changing the newly adopted election law. Among other matters, the Krasso Party argued that the new law places smaller parties at a disadvantage, because they must acquire at least 4 percent of the mandates in order to be represented in the National Assembly. Undoubtedly, one of the most important elements of the new public law institutional system would be shaken if 100,000 signatures are collected as a result of this drive, and the calling of a referendum becomes unavoidable. Not to mention the fact that referendums following in a close sequence may depreciate the significance of voting in the public eye, even before the most important event takes place: free parliamentary elections in Hungary.

#### Protected By Law

Four fundamental public laws were adopted by the House (with a rather substantial majority) last week. The following describes a few important elements of the new laws.

*Changing the Constitution (333 yeas, 5 nays, 8 abstentions):*

All provisions contained in the 1949 stalinist constitution pertaining to state socialism and the leading role of the marxist-leninist party were removed. The new fundamental law reflects a legal framework for a republic with a multiparty system. The constitution prohibits hegemonic endeavors and conduct aimed at the exclusive possession of power. With regard to the economy, the law builds on the idea of neutrality among the

sectors, and in the political sphere it is based on the principle of the balance between, and the separation of powers. To enforce the latter, the law provides for new institutions, including the State Accounting Office, the Constitutional court, and the National Assembly commissioner for citizen rights. The changed constitution states that the National Assembly is to hold continuous sessions, representatives to the National Assembly shall be elected for 4-year terms, and the commander in chief of the Armed Forces is the president of the republic, who is also elected for 4-year terms.

*Party Law (323 yeas, 15 nays, 4 abstentions):*

In order to discontinue financial relations between parties and state organs, the law states that organs which receive funds from the state budget, and state enterprises shall not provide financial support to these political organizations. Similarly, parties are prohibited from accepting the contribution of assets from foreign states or unknown sources. The National Assembly shall decide annually concerning budgetary support to be provided by the state treasury. Twenty-five percent of the subsidies shall be distributed in equal proportions among the parties represented in Parliament. The remaining 75 percent shall be distributed on the basis of votes acquired in the course of elections. The National Assembly shall render a separate decision concerning the support needed by parties for the first free parliamentary elections.

*Election Law (286 yeas, 20 nays, 24 abstentions):*

From among the 386 members of the Hungarian Parliament, 176 representatives shall be elected from individual voting districts, while 156 should be chosen from county-wide slates, and 58 from national party slates. Independent candidates and party nominees may run for election in individual voting districts provided that they receive the authenticated support of 750 citizens having the right to vote. Only those parties may nominate candidates on the county slate which were able to run candidates in at least one quarter (but no less than two) of that county's individual voting districts. Finally, parties may receive mandates through the national slate of candidates if they were able to establish at least seven county-wide slates of candidates.

*Law Concerning the Constitutional Law Court (310 yeas, 1 nay, 0 abstentions):*

The 15 members of the body required to protect fundamental constitutional rights are elected for 9-year terms by the National Assembly. Each member may be reelected only once. The first five constitutional law judges shall be elected by the present National Assembly. An additional five judges shall be elected by the next Parliament, within 2 months after it convenes. The remaining five members of the Constitutional Law Court shall be elected by the House prior to the end of 1994. In addition to reviewing laws already in force, the Constitutional Law Court is authorized to review legislative proposals awaiting to be adopted by Parliament.

The salary of the chairman of the Constitutional Law Court shall be the same as the salary of the prime minister; the salaries of the judges shall be equal to the salaries received by ministers. With a few exceptions, any adult citizen may initiate proceedings before the Constitutional Law Court. The Constitutional Law Court shall be headquartered in Esztergom and shall begin operations on 1 January 1990.

### **FRG Commentary Views Communist to Socialist Metamorphosis**

90EC0058A Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 12 Oct 89 p 16

[Article by Victor Meier: "With One Leg at the Rubicon River"]

[Text] The delegates of the Hungarian Communist party congress, after agreeing last Saturday evening with four-fifths of the votes to reorganize their party into a Hungarian Socialist Party, got up from their seats and began to sing the national anthem. They wanted to make it known that they had completed an act of epochal importance, a "historic turning point." Judging from the in no way overwhelming interest the population had shown in the party congress, the party metamorphosis will be remembered as an important, though by no means fateful, event. Those foreign commentaries that spoke of "self-disbanding" of a Communist party or of "radical transformation," were probably exaggerating.

The "historic turning point", if you want to call it that, actually occurred 18 months earlier in Hungary. Since then, a process has been unfolding that has produced astonishing results, which, however, is not fast enough for many Hungarians, including many party members. Even after the congress, Hungary continues to stand with only one leg at the banks of the Rubicon river, said a reformist delegate. What the party wants to do now, could have been accomplished within the framework of the old party; not the name, but political power relations are important. On the other hand, the delegate added, much of what is desirable cannot be done within the framework of the new party either, because they had to keep too much "ballast." Some reformist delegates were disappointed and left the party congress before it was closed.

The assumption is that "differentiations" that will now follow will be further clarified, primarily by the basic organizations and administrative districts. There is no question that the reform forces and their leaders, i.e., the people around Nyers, Pozsgay, Nemeth, Horn, and others, are holding the reins. And yet, many Hungarians believe that not enough has changed. The compromise that is needed for such a "reformist" majority was too visible, and the language explaining it was not the "radically" new one many expected.

The "victory" was essentially based on an alliance of reform groups, who early on during the congress had the support of barely 500 of the total of over 1,200 delegates,

with the platform of the so-called People's Democrats. The latter—about 60 people when the congress started—demanded that the party make a new beginning in line with the 1944-49 era, i.e., prior to the establishment of the Stalinist Communist autocratic rule. At that time, there were national committees, workers councils, and several political parties, hence, as the supporters of this platform formulated it, "Hungarian manifestations of socialism." That period was known as the "People's Democracy." The Communists saw it as a transition; today they are blaming themselves for not having stuck with it. Of course, memory transfigures everything. Pluralism at that time, at least in its late stage, was a mere formality, and the Communists, with the help of the Soviet occupation forces, dominated the political scene. During that era, the Communist Party was considered a tightly knit society, not an open political organization wooing the voters in a democratic way. Yearnings for institutions such as workers councils must seem almost suspect in view of the results that have since come to light in Yugoslavia.

While the compromise with these people had already watered down the wine of reform, additional complications developed when many delegates from the conservative camp around Berecz changed over to the People's Democrats, causing the latter's ranks to swell to about 300 delegates, and that made compromising even more urgent. And when former Central Committee Secretary Berecz finally announced his view that the old United Workers Party is still in existence and that he continues to consider himself a member of the old party, there were moments of turmoil. Speakers of the reform wing had to give assurances—too eagerly in the eyes of some people—that the new party was not "bourgeois" and that they would not move away from the "good" accomplishments of socialism. Since most Hungarians believe that all Communists lost out over the past few years, such speeches presumably could not help but influence the voters.

The announced ideological rapprochement with the Social Democrats in the West or the "traditional Hungarian Left" is also tricky. Social democracy in the West supports political democracy, but in its economic policies it is strongly aligned with the philosophy of redistribution. Hungary has little to boast about with regard to redistribution, because there is little to redistribute. Supporters of the reform groups admit that they have a dilemma on their hands here, also with regard to their hopes for Western investment and cooperation with bourgeois governments or political parties in the West. Because of the not entirely clear character of the new party, its leaders have not yet been firmly designated. Nyers remains chairman; but the 21-man steering committee has members whose philosophies are not yet known in detail. Pozsgay will be the party candidate for the presidential elections in late November. However, no definite decision has been made on whether the president will be elected by popular vote or by the Parliament. It was significant that the Hungarian provinces made a

much stronger showing at this party congress and that the individual regions of the country stood out more clearly than ever before in Hungary's post-war history. It was clear that in the Northern and Northeastern parts of the country, which could only lose as a result of the reforms, there was a strong feeling in favor of continued administrative economic policies, including subsidies. Debrecen and Bekecsaba are leaning toward the conservative current. Szeged, on the other hand, is a center of bourgeois-democratic orientation. There, Party Secretary Vastagh, former dean of the university's law department, is one of the key politicians of the new generation.

The decision was made that anybody who acknowledges by his signature that he believes in the statute and program of the new Hungarian Socialist Party, may become a member of it. That does not say anything about the form in which the conservative or even dogmatic forces want to organize themselves; nothing was decided about the future of the apparatus and the party funds. The thesis is still valid that the Socialist Party is the legal, although not political, successor to the United Workers Party. It is quite possible that this question will lead to lawsuits. If there is any legal action with regard to the membership and funds of a ruling Communist party, it would in itself be a manifestation of an accomplished change, but it could delay the reforms. Politically, the new party must now convince the people that it really represents something new. At the present time, the prognoses for the elections are not too good for the Socialist Party either.

#### Letters to Editor Describe Tensions in Everyday Life

##### From Plumbing Leak to Major Outcry

90EC0109B Budapest MAGYAR HIRLAP  
in Hungarian 3 Nov 89 p 4

[Text] I was greatly interested to read Bela Pomogats' article "Ruptured Pipes" in your 12 October issue. It was an objective presentation of the way we are today.

I would like to add this much to the article. I also had a ruptured pipe two and a half months ago. Water was seeping through, so I went to the Real Estate Management Company [IKV]. A week later the plumber came, broke down the wall, welded the pipe in 20 minutes, and announced that the mason would come within two weeks to fix the wall.

Seventy days have passed and no one has appeared. I have visited the IKV several times—all in vain.

What else could I do? I could either be trained to become a mason, or, if the IKV does not settle the situation, I could initiate a signature drive for the abolition of the IKV. This would be a just demand anyway. A month ago all tenants in our building were told to purchase the apartments we rented. Since 1950 I have lived in an

emergency apartment, but I feel good about it. And this is why the ruptured pipe begins in my consciousness, and not in the wall.

This building was nationalized and the owners did not receive a penny for their six story building. The state has collected rental payments ever since, now they want to sell at a high price what they obtained free.

In my mind the latest National Assembly session appeared as the ruptured pipe when they argued whether the constitutional court should be located in Esztergom or in Budapest. Why don't they come to believe at last that the court's location is not the most important issue as far as the people are concerned. It would be much more important for prices not to increase day after day, for money not to lose its purchasing power, and for pensioners who have not participated in political life and did not belong to the workers aristocracy not to have to work in order to make a living after 45 years of honest work. During the past 45 years people have learned one thesis propounded by Marx: Existence determines consciousness; I think the way I live. When I go to the market the sales woman will not inquire to which platform I belong. She will tell me only that a kg of paprika costs 70 forints.

People will take note not only of the fact that presidium member Bela Fabri drives a 9-year-old Trabant to the Hungarian Socialist Party [MSZP] headquarters. They will also notice that the wife of the minister of construction departed in a Mercedes from the palace on Fenyves Elek Street, and that more than once the car has waited for her for several hours during the day when she went somewhere. (I was the doorman there, so I saw it.) Most citizens do not envy the prime minister's gross pay of 96,000 forints. He works for it, after all, and he is intent on making improvements. But people become enraged about the fact that certain enterprise presidents receive 8 million forints in bonus payments for a year. At Pet Nitrogen Works, for example, the president did not hesitate to accept a million forints, while the enterprise was operating at a loss and was up for sale.

My age group (pensioners) was not concerned whether a red star or a weather vane was on top of Parliament, but it was indeed disturbing that although this age group built up this country beginning in 1945, it receives the

least amount of income and has become impoverished. At the same time those who destroyed this country enjoy disproportionately high pensions. With their merits recognized they go hunting and fishing.

And finally, we would like to see the difference between words and deeds reduced. At last, speeches should be followed by deeds.

Gabor Valy, pensioner and doorman, 1024 Budapest, Keleti Karoly Street 9

### Gripes About Postal Service

90EC0109C Budapest MAGYAR HIRLAP  
in Hungarian 3 Nov 89 p 4

[Text] Our Sewage Works Association office is located at Paskomliget Street 54, Budapest 15. We have no telephone, so we use the twin public telephones on our building's corner—but only when they work. This is why I, together with a number of people who wanted to place telephone calls, was stunned when at 8:00 am, 16 October, the Hungarian Postal Service's crane truck parked there and 5 meters away two men "scraped" the ground. As it turned out, they scraped the ground 5 (five)!! meters away, because the twin booths were to be moved 5 meters away. At their previous location the Postal Service will establish a newspaper pavilion, according to rumors. At present, 5 meters away from the new location of the twin booths there is a tobacconist's store where newspapers are sold. The Postal Service was unable to tolerate this, therefore, regardless of cost, they dismantled the booths and moved them to a different place.

But then they forgot to turn the telephones on! Why should they? The telephone service is in excellent condition nationwide.

The Postal Service is complaining all the time about not having money to accomplish anything. This is not surprising at a time when they are performing superfluous work like this. I do not know to whom these remarks should be addressed at the Postal Service, because that apparatus is so huge that one is puzzled who is in charge there. This is why I'm writing to you.

Jozsef Vig, retired chief auditor, 1054 Budapest, Aulich L. Street 164

## BULGARIA

### Pace of Varna Oblast's Plan Fulfillment Examined

90EB0079A Sofia IKONOMICHESKI ZHIVOT  
in Bulgarian 16 Aug 89 pp 1, 8-9

[Article by Lilyana Kuneva, IKONOMICHESKI ZHIVOT special correspondent, and Dimitur Enchev and Georgi Kalaglarski, IKONOMICHESKI ZHIVOT correspondents for Varna Oblast: "Stability in Strategy and Variants in Tactics"]

[Text]

#### Calling Card of the Oblast Economy

Varna Oblast has its established structure and high degree of territorial concentration and specialization of production. It accounts for 12.2 percent of the country's fixed production assets, with which 10.2 percent of the national income is created. It has major production capacities which produce goods of great importance to the national balances and to the country's participation in the international division of labor. Here the entire Bulgarian output of soda ash, caustic soda, diesel engines, and trucks is concentrated; 75 percent of ships; one-third of cement, vegetable oils, and goods produced by the glassware and porcelain industries; 12 percent of the food industry. The oblast's agriculture accounts for 14.5 percent of the national output. Varna Oblast is the second largest transportation hub. A high degree of scientific potential is concentrated here, which puts the okrug in second place after the capital among the scientific centers.

Such a significant economic potential predetermines the responsible place which Varna Oblast holds in the implementation of the profound changes of restructuring in all areas of social life in our country. The efforts are concentrated on the practical implementation of the December resolutions, based on the requirements of the organization of the economy on the basis of companies.

By the end of the half-year, there were 27 state, three municipal, and 11 association companies registered, engaged mainly in the production of consumer goods. Forthcoming is the registration of construction companies and municipal companies which will deal in trade and population services. More than 560 companies of citizens, nine of which are associations, 65 collective, and 476 individual, have been established. More than 400 of them are for the production of consumer goods and providing a variety of population services.

#### End Results Indicate the Efficiency of Decisions

The first half of the year was completed by the oblast economic complex with results which provide a reliable prerequisite for the overall implementation of the annual plan and for achieving economic growth consistent with the state tasks. Quality and volume indicators were met.

The goods produced exceed the 6-month plan by 4.5 percent, accounting for 51 percent of the annual task. The plan for overall profits was fulfilled 112.5 percent, or 52.6 percent of the annual assignment; the plan for social productivity was fulfilled, 108.3 and 51.7 percent, respectively. The entire increase in net output is the result of the influence of intensive factors. Capital returns increased by 13.5 percent. Compared with last year, profit from applied scientific and technical developments is 50 percent higher.

The study indicates that the organization of the work in the labor collectives in industry and transportation has been improved. There has been a greater increase in output compared with the stipulations of the initial plans for 1989. A stable monthly pace has been maintained. It is important to note that on the domestic market there was a 10-percent increase in locally produced goods. The agricultural organizations fulfilled 56.6 percent of their annual milk assignment and 53.5 percent of their assignments for meat. The plan for eggs is being rhythmically fulfilled. The early vegetables and fruits were harvested.

The results of the implementation of the plan for the first 6 months would have been better had the work of the labor collectives not been accompanied by some difficulties caused by manpower shortages. Also unresolved is the problem of complementing, cooperated items, and material procurements, including sheet metal, cables, plastics, cog wheels, forged articles, water pumps, polyamide resins, and others. Interruptions in the procurement rhythm created difficulties in the organization and called for increasing the use of manpower in some sectors and activities.

It was for such reasons that a number of industrial subsectors found themselves in a difficult situation, particularly in the machine building, clothing, shoe, textile, and ceramic industries. This was a test for enterprises of entire municipalities, such as Vurbitsa, Kaolinovo, Kaspichan, and Tervel. There is a grave shortage of drivers in the automotive enterprises of Shumen, Novi Pazar, and Varna. There is a shortage of combine operators and other mechanizers for agriculture. There are problems in harvesting the crops requiring essentially manual labor. Construction work is falling behind the fulfillment of the plan.

Taking into consideration the difficulty of the situation which has developed and the need for quick action, the oblast leadership took practical steps and made efficient decisions on filling vacancies in industry, transportation, construction, and trade within a relatively short time. Such measures are concentrated above all on restructuring the production process and closing down some inefficient and low-quality production facilities and transferring skilled worker cadres to the basic areas in the oblast economy. Similar production facilities are being concentrated in enterprises with the most efficient technology and organization. The production programs of units of local significance are being analyzed and possibilities of taking over some of the output of state

enterprises, needed for the domestic market and for export, are being assessed. Short-term courses for retraining or upgrading skills are being organized. On the initiative of the labor collectives and the party committees, some administrative personnel and employees in establishments are being transferred into production work. The use of the labor of pensioned workers and employees of good health is being organized.

Special measures are being taken in agriculture as well. The main concern is to protect the livestock and maintain the level of milk production and harvest promptly the fruits and vegetables and the bountiful grain crop.

The fast steps taken by the oblast leadership are already yielding effective results. More than at any other time, today the requirements of collectivism, economic loyalty, and precise implementation of contractual obligations are being asserted. The aspiration is for all economic managements to realize their responsibility to the effect that in the national economy their own success is inconceivable without the success of their partners and that economic interests must yield for the sake of the major common objective. Recent developments in the oblast have provided clear examples of assumption of obligations for additional output and skillful use of the instruments which have been provided in accordance with the new economic conditions.

The results which were obtained for the first half of the year are a manifestation of the efficiency and concreteness in the style and approaches taken by economic cadres to solving problems. The patriotic feeling of the people is clearly manifested and expressed in the broad response and readiness to help the collectives which are short of manpower at this time. The steps which were taken by the government on the basis of Resolution No 27 of 8 June 1989 played a very positive role. They became a motivation for an even better use and efficient directing and utilization of the manpower.

All of this gives the oblast leadership and the labor collectives the confidence that Varna Oblast will be able to surmount the difficulties which have appeared and will dedicate their full strength to the successful implementation of the annual plans.

#### **Mobilization of All Potential Forces**

The statistical data for the first half of the year are categorical: the Druzhba Plant in Varna fulfilled its annual program 50.6 percent. The tasks concerning quality indicators were overfulfilled. Compared with the plan, social labor productivity reached 134 percent and is significantly outstripping the growth of wages. Material expenditures per 100 leva commodity output have been reduced by 2.50 leva. Profitability per 100 leva of production assets has increased. The implementation of the "commodity output" indicator is not consistent with the overall picture: it was fulfilled 97.2 percent.

For a collective such as the Druzhba Plant good results are no surprise. It has become traditional for this collective to be among the best of the Rila Company and in Varna Oblast. The point is that such a tradition can be created through systematic efforts and well-substantiated and steadily updated strategy and flexible tactical decisions.

At this point, let us stop dealing with statistical figures, for we were cautioned by Paskal Stamatov, the chief accountant at the plant, to avoid the "optimistic tone" despite the good economic results achieved during the first 6 months of the year.

#### **Let Us Preserve What Has Been Developed Through the Years**

As is the case with the rest of the country, in Varna Oblast the clothing industry is one of the subsectors suffering from the greatest manpower scarcity. Nor was the Druzhba Plant spared such an adverse situation. The production balance at the plant was severely disrupted. The fact that the results for the first 6 months are so optimistic is due to the good head start taken during the first months of the year. The "hot" period in June, when many people left their jobs without advance notice, could not spoil this head start. No illusions are preserved here that the current half-year will avoid stress, caused both by internal problems as well as problems triggered by its closest partners.

"In the course of several years, with efforts and ambition, we developed our branches outside Varna," said Ginka Stancheva, deputy director in charge of economic problems. "It turned out that they can be wrecked just as easily." The grief of this owner is explainable. However, she went on to say that "now everything depends on us!" This precisely defines the mood of the collective and the plant's leadership, which is to harness all potential forces.

Such harnessing of efforts is already a familiar fact and is not distinguished from the one shown by the other collectives and throughout the country. In June the administrative employees and the engineering and technical cadres went into production work. During the summer recess, the vocational school students participated in the work and so are some of the pensioners who had worked previously at the plant. Despite the two-shift work, there is an additional work shift on Saturdays. Some of the people go to work in agriculture as well. So far, all this is normal. However, it is more difficult, as is usually the case, in a women's collective.

One of the approaches known to the science of management is called "goal orientation." That, probably, is the basis of the compensation program which the plant's management developed in order to solve the problem.

The main objective is to implement, before the year is over, the contracts for export, which are important to the national economy and to maintain the ties with companies with which lasting economic relations have been

established. The prevention of eventual failures is important in terms of the plant's economy. The domestic market as well has not been ignored. Efforts are being made to meet its demand for autumn and winter wear. These objectives are substantiated with computations and reassessments of available material resources. Talks are under way with the top enterprises on refining the volumes of possible deliveries. Currently, another very suitable practice used in the plant is that of organizing a planned control of reserves in terms of time and value and the anticipated increase in reserves for the third quarter.

The most difficult problems currently are those affecting the six subdivisions which the plant opened and has been strengthening for several years: in Dzhebel, Khaskovo Oblast, Belogradets, Pet Mogili, and Novi Pazar, Varna Oblast, and Glodzhevo and Gara Samuil, Razgrad Oblast. Substantial funds and efforts have been invested in those branches in implementing the government's resolution on developing jobs and improving the working and living conditions of the people in settlements remote from the cities. The question now is whether they should be closed down.

These are the facts. A variety of flexible decisions are being formulated and a variety of options are being sought for joint actions with municipalities and cooperatives. The possibilities created by the economic mechanism are being used. Long-term relations with the Balkanturist auxiliary enterprise are currently being intensified. Some of the regular output is being transferred to that enterprise on a contractual basis. The plant encourages orders by increasing the value of the processing by 50 percent (on a piece-rate basis). This economic step was dictated by necessity. It is of interest to both contracting parties. Unavoidably, at certain times one should assume economic risk. That is why the Rila Company as well will help to solve these problems using its own possibilities.

A contract has already been signed with the Chervena Zvezda Cooperative in Aksakovo and it is this way that another aspect in the production of clothing has been reassigned.

The plant has submitted a suggestion to the authorities in terms of directing and allocating manpower: to observe the rule of directing graduating students to enterprises for which they were professionally trained. This suggestion hardly needs any clarification. It is obvious that the steps which were taken to procure additional manpower are, for the time being, temporary. In the future the source of the manpower will be the students graduating from the technical schools and the vocational training schools. Currently Druzhiba pays some 100,000 leva in scholarships per school year. These students have signed contracts and will go to work at the plant after completing their training. They are attending a variety of courses and classes. That is precisely why

now it is necessary to ensure the specific and strict assignment of graduating students, on the basis of their vocational training.

#### **Guarantees Based on a Solid Foundation**

In the first part of this article we discussed the steps that the situation which has appeared throughout the country necessitated fast action at the Druzhiba Plant as well. The guarantees for the most favorable completion of the year are situated in the solid foundation laid in the course of several years, systematically and firmly observed at the plant, actively and purposefully supported by the Rila Company.

One of them is that by the end of the year the major modernization program which was initiated as early as 1981 will be completed. The installation of the pressing system will eliminate yet another bottleneck and facilitate and speed up a labor intensive process. Both the equipment and the technology and organization of the production process at the plant are on the level of the most famous companies in the world. They were procured and designed with the participation of foreign specialists. Also important are the extensive contacts maintained with famous foreign companies which, in addition to business relations, are also used as a valuable source of experience.

"We have highly productive equipment and the most advanced technology and organization. The rest is a matter of conscientiousness and personal discipline. For the time being, this has not been fully attained," said engineer Petko Nikiforov, deputy director in charge of technical problems. This echoes the general view that a significant share of the guarantees for success are found in the skills to mobilize the individual, everyone at his job.

Wages and the belief that everyone will earn as much as he has produced are among the objective prerequisites to this effect. In the past 2 or 3 years the average wage of the plant workers reached 250 leva as a result of the stabilization of its economy. It is probably for this reason that turnover in this "women's enterprise" is within the normal range. Starting with 1 July the plant converted to the new basic wage system. Let us especially emphasize this fact, for this is taking place precisely now, during a period in which many managements would have become confused and would have postponed such a categorical and radical wage reform. However, at this plant the firm decision was made not to waste the efforts invested over more than 6 months in preparations for the application of the system.

Initially, you may have been impressed by the substantial reduction in material outlays as shown in the semi-annual report and the steady drop in production costs. At the Druzhiba Plant the sparing use of materials is one of the areas in which steady and consistent efforts are being made. Modern equipment and efficient technology and labor organization, and personal responsibility, combined with target incentives, are the foundations of

the results which were achieved. Thirty percent of the savings are distributed monthly as bonuses to the direct participants in the process.

For the time being, the question of producers of such "Made in Varna" goods, which are in demand in our country and abroad, remains unsolved. It is related to the economical expenditure of materials but pertains more to quality and to the extensive consumer demand. For a number of years the Druzhiba Plant has practiced, for the first time in Bulgaria, the use of a table for men's clothing sizes which is quite different from the Bulgarian, and distinct from the approved Bulgarian state standards. Its advantages are that it takes into consideration the highest possible number of specific features of men's shapes. You may ask: What could be better than this in terms of the consumer? The advantage is precisely the one benefiting the consumer, the more so since these sizes are mandatory features in the case of exported items.

The "shortcomings" of this table are the fact that its specifications are "complex" (particularly to Bulgarian trade workers), the fact that the other clothing enterprises in our country do not apply it and that it violates Bulgarian standard stipulations.

As consumers, we address ourselves to the Committee on Quality: What are the reasons for which such a table of sizes is not recognized in our country and whether it is efficient for the Druzhiba Plant to work for export on the basis of that table and to practice the Bulgarian standard when working for the domestic market?

There is yet another question which remains unanswered. Years ago the plant borrowed funds from Mineralbank, which it is now repaying. Article 82, paragraph 1, of the Regulation on the Application of the Ukase on

Economic Activities stipulates that the repayment of the loan can be based on the balance-sheet profit before taxes. However, this can take place only by permission of the Council of Ministers. So far, the plant has not received such permission. Meanwhile, the specialists at the Rila Company believe that, bearing in mind the possibility that the financial situation of the plant may worsen, this would hardly be the most advantageous option. Another option exists: by decision of the Council of Ministers, for example, some of the loan can be repaid as turnover tax. These are merely ideas which call for assessing the possibilities of the state in economically helping enterprises which will experience difficulties, as will be the case with Druzhiba. Naturally, substantiation as well as proof that all internal reserves have been used will be required.

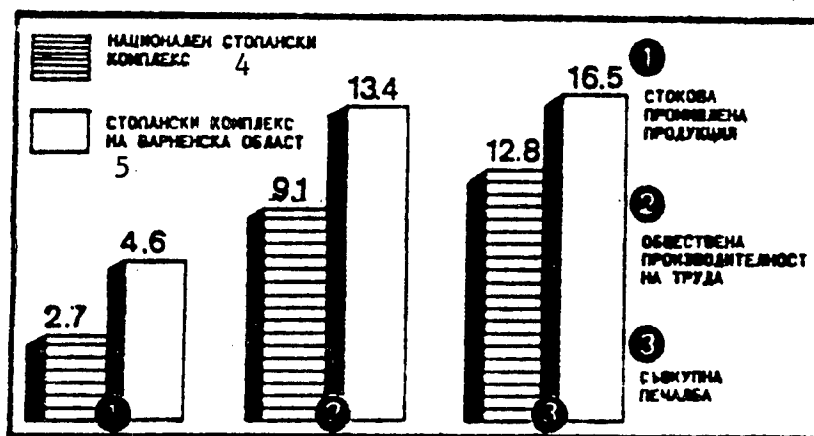
We, who were able to feel the daily pulsebeat of a proven collective, can confidently assert that it will indeed harness all of its potential resources.

#### Brief News From the Oblast's Labor Collectives

The collective of the Belopal State Company in Beloslav produced above plan goods worth 1.1 million leva in the first half of this year. Compared to the same period of last year, this marks an increase of 8.1 percent. The assessments which were made enabled the company to assume an additional task for the production of household and industrial glassware worth in excess of 1.6 million leva before the end of the year.

Integration between agriculture and industry and the extensive use of leasing and piece-rate methods is having a positive impact on the results of the activities of the

Some Indicators for the 1st Half of 1989 Compared With the Same Period in 1988, in Percent



Key:

1. Industrial commodity output
2. Social labor productivity
3. Total profit
4. National economic complex
5. Economic complex of Varna Oblast

Rodopa Combine in Tolbukhin. In the first half of the year above plan output worth 20 million leva was produced. With its contribution to the general harnessing of efforts, the combine's collective will produce additional output in excess of 5 million leva for the year.

High results were achieved this year by the agricultural brigade of the Vulchi Dol Agroindustrial Complex in Mikhlich Village, headed by Dimitur Ivanov. The brigade averaged 746 kg of barley and 550 kg of wheat per decare. A certain contribution to this output is credited to the greater interest shown by the people in the two piece-rate groups within the brigade, which operate on the basis of independent cost accounting.

## CZECHOSLOVAKIA

### Import Substitution in Electronics Causing Backwardness

90EC0059C Prague HOSPODARSKE NOVINY  
in Czech 22 Sep 89 pp 1, 6

[Article by Eng Eduard Smutny, Tesla Elstroj Prague: "The Facts Are Known; Decisions Are What Is Missing"]

[Text] Eng Eduard Smutny was born in 1944. He studied at the electronics faculty of the CVUT [Czech Institute of Technology, Prague] and in 1966 joined Tesla Elstroj where he continues to work at this time, first working as a designer, then a project manager, and now as an independent scientific employee. He is the designer of 12 models of our computers, the best known being the JPR 12, SAPI 1, SAPI 86, and the Ondra and Honza computers for young people. He is a member of the science and technology commission of the CPCZ Central Committee.

The need for a good feeling from the work one does is basic to human nature. Perhaps these words seem to be a cliché, but as a computer designer I daily encounter people who think this way and therefore compare our results in electronics with those of the rest of the world. I do not have to emphasize that it is not very flattering for us and that the comparison causes continuous discouragement. Our attempts at electronics seem to me to be chasing a train that has already left the station, but which we can never catch because it is travelling on a different line. The problems which are often discussed, such as the shortage of components, poor customer-supplier relations, and others, are only a consequence of this trip on the wrong tracks. So I would also like to contribute to finding the correct path, primarily by an analysis of the difficulties with electronics which I view as a user of them.

Some fields such as, for example, engineering, are today fully dependent on electronics. Measuring instruments, numerically controlled machines, automated production lines, and CAD systems are common production equipment. The application of electronics has become the yardstick for quality and competitive ability and the successful development of electronics is the key to rapid

development in perhaps all fields. These are known facts. The development of electronics throughout the world, however, does not start off with just these facts, but also with the result of decisions and effective support of the usual governmental institutions. Examples could be Bulgaria and the GDR or Japan and South Korea.

### Information Together With Knowledge

For a number of years we have recognized that electronics occupies the primary place in the decisive areas of our national economy. We have recognized it, but not acted upon it accordingly. The great majority of our managers have an awareness and experience gained in work in the traditional fields such as heavy industry, energy, transportation, textiles, glass, or agriculture. Few of them understand electronics well enough to judge easily what is essential for it, what is simply about it, and what is complicated.

In my opinion and experience, electronics is actually a very simple field, but based on an extremely demanding and complex technology. Proof of this is the rapid development of electronics in some Asian countries in which they succeeded in bring the purchase of technology and knowledge together with the inventiveness, enterprise, and hard work of their people where one could not say that there had been an industrial tradition. Unfortunately we have not succeeded in exploiting the above properties of electronics. Administrative methods of management and compensation suppressed people's creativity and innovative nature and we moreover tried to do everything ourselves, from the technology through to the final product, and this is not within the power of a small country.

At the recent 14th Plenum of the CPCZ Central Committee, our current bad situation in R&D was analyzed. As a technician whose task is to look and to find, I am continually thinking about how it is possible that with a continuous flood of information from throughout the world we are not able to keep up with it.

I absolutely agree that the new economic rules are the basic prerequisite for improvement. From my own experience, however, I know that even with the best incentives people can only do what they can at a given time. I say this because in a number of activities our results will not be immediately especially outstanding, but will be dependent on the level of knowledge and on the method of evaluating the results. Information is acquired easily today and a number of people know the situation in their fields in the rest of the world. But this is still not knowledge. It can be considered as some kind of know-how and without in one does not know why something is done this way and not another way and results are usually not achieved.

In electronics the number of elementary items of knowledge necessary has already grown to such a degree that it is not within the power of a single institute or concern to

contain it all. The advantage of electronics, however, is its modular nature where higher entities are built from the individual components. The necessary items of knowledge are already contained in the individual components of this enormous construction and therefore it is enough to know only a narrow field. The manufacturers of the individual components pass on all the information on the correct utilization of their work to the next in line by information, catalogue sheets, and applications handbooks and, when that is not enough, by training or technical assistance. All this represents an enormous division of labor and thus also a division of knowledge.

This is absolutely obvious to the rest of the world. Here the situation is somewhat different. I am not exaggerating when I say that it is quite possible that in Chirana Modrany and in Eletropriastroj Modrany the engineers might each develop their own special computer to control their equipment, with different mechanical design, feed voltages, and other elements. They are simply forced to do this because here the division of labor is at a very low level and moreover up until now the predicted division of labor between the CEMA countries has not come about. I think that we are all not sufficiently aware that here somewhere we have to look for the basic causes of our lagging behind the rest of the world.

#### **Do It Ourselves and Badly**

Twenty years ago I myself set out on the path which my former boss pointed out to me and which can be briefly characterized by the words: what you do not do yourself, you will not have. For a long time I was thankful to him for this advice and it worked. Beyond my obligations, in our development department I built computers, a photo plotter for drawing the bases for flat connectors, and a base digitalizer; scrounged up catalogues and information; and created my own programs.

Thanks to this excellent equipment we got to the top in the speed and quality of development. At the top in this country. Compared to the rest of the world, however, we lagged more and more behind because we had to comprehend an enormous quantity of knowledge and work in addition and hardly 20 percent of our time was left over for our own work. It proved that this was not the correct path. We could not start off any other way, however, and even today we cannot.

I often hear about the method of work of the designers in Western companies. Surrounded by the equipment, catalogues, and literature from the offerings of dozens of companies, they can choose the best of them, they get them, and they can test them out. The work then goes so fast for them that they can make a mistake and then try another solution. In the majority of cases we can pursue only one possible solution which, with the aid of compromises, is damned to travel the imaginary road made up of the words "we do not know how," "we do not supply," "there is no technology," or "there is no foreign currency." Even the users of computers made by us are no better off. They have to scrounge up programs and

peripheral equipment and do for themselves just about everything that the manufacturer was not able to do. We simply have a low level of division of labor and because of it also a low division of knowledge.

I often hear the opinion that we should help ourselves by importing components or entire computers. This view does not respect one fact, because there is already a certain number of personal computers in the CSSR. It is not possible, however, to buy for them the foreign environment in which this equipment was made and for which it was built. This environment is characterized by many services, such as user training and the sale of programs, handbooks, and supplementary technical equipment. We do not have these services and organizationally we are also not prepared to provide them.

As a consequence of this organizational unpreparedness, in the short term organizations will compete with each other because most of them are looking for solutions to the same problems. This is also a given because of the lack of information exchange. Today there are already incompatible libraries of programs being created. This points to the lack of conceptual management. We have succeeded in getting hold of computers from outside the country that are ready to be put to work, but we have so far not succeeded in employing them effectively. From this example it can be seen that the purchase of foreign equipment indeed resolves certain problems, but the problems with effective acquisition of knowledge remain. It is hard to jump on a train that has already left the station.

I assume that one of the main tasks of the center will now be to establish a concept and to distribute the tasks. No, I do not imagine it as directive management. I think that with the aid of normalization, giving economy advantages to selected activities, licensing, and price policies it will be possible to implement a division of labor which will be advantageous for everything.

It is often pointed out that in such a small country we produce everything, but one forgets about the fact that we still produce the same thing at several places. An example would be the power supplies for electronics. Many things do not work for us because we do not have enough specialists from the various fields in the enterprises and we cannot equip each of them with expensive instruments and technology.

Why could not one enterprise make the power supplies for everyone and another, say, the mechanical mount in accordance with the European standards? Surely someone will object that this is how it was done before and it did not work. It did not work because the indicators forced the manufacturer to do everything himself because one that counted for him. The lack of a concept, the incomplete nature, and the subjectivity of management and evaluation thus fogged over the view of the larger solution and operations took the place of management.

I do not consider it wise to get rid of these problems by letting the originator of them transfer them to the shoulders of new state enterprises and have each enterprise look for what interesting thing it could produce and then recognize in the market that someone is already producing it. I am not against the effect of the new economic conditions, but I am for the center, which in the past taught the enterprises dependency, bearing the consequences of incorrect decisions and helping set the enterprises up on their own two feet.

### The World Is Evaluating

We will make the division of labor possible by concentrating people and equipment on a small range of problems or by a high level of specialization. This will create the prerequisites for a growth in our knowledge. However, we have to acquire it someplace. The basic knowledge and particularly the relationship to acquiring knowledge is formed in school. When a new graduate of a higher school comes to us, he usually has education, but little knowledge. From my own experience I can say that in resolving a new problem there is a year or two delay between education and knowledge.

First it is necessary to acquire information on a given problem and then it is possible to check it out and to acquire knowledge about everything on which it touches. For us even information is hard to acquire; for example, we do not have a single specialized magazine on computers and for most of us we cannot get access to the foreign magazines.

Knowledge can be acquired only through practical activities and our schools are not equipped with modern equipment accessible to everyone. For example, in the U.S. students, future electronic engineers finish school with their own design and production of sample integrated circuits and the Hewlett-Packard company provides its own technology for them. The company does not suffer from this because it selects the most talented students for itself. It is no accident that the best companies in the USA are in towns where there are the best universities and vice versa.

In the advanced countries the high schools also cooperate more directly with industry and the students also participate in this work. Our students gain practical knowledge just when they go to work at the enterprises and even then only when there are suitable conditions for it. The basis for further acquisition of knowledge is the literature, especially magazines, catalogues, and handbooks. There are also excursions abroad, study terms with foreign companies, and contacts with specialists in the given field. The utilization of these resources is hampered by a lack of foreign currency and common paper for the magazines, lack of knowledge of foreign languages, and poor policies in the selection of people. It is simply not possible to have knowledge at the level of the rest of the world and not have contact with the rest of the world. And we do not have it.

The level of knowledge depends also on the method by which results are evaluated. This mutual relationship should not ever be forgotten. Finally, the majority of us have certainly had the experience that in school one acquires the most knowledge in the subjects where there was a strict and demanding teacher.

I am speaking only about electronics. In the quality of the products and in the lag behind the rest of the world, electronics in this country has an "exposed" position since it probably the worst of all the fields from this standpoint. If we look at the products from textiles, glass, or wood or at automobiles, vacuum cleaners, or lathes, we will discover that indeed we are able to sell only part of the products from those areas abroad. Stated simply, a Liaz or Tatra truck can compete successfully with the vehicles of the advanced nonsocialist countries, but nobody would dare to put our products on the starting line in a competition of computers or tape recorders.

Electronics is an exceptional field in the rest of the world as well. Its rapid development, in my opinion, does not stem from actual needs, but is a result of the boom in electronics and the sharp competition between individual companies and countries. The result is an automatic comparison and evaluation of the performance and quality of the products. Practically every day new components, computers, and instruments come out and the market gets rid of outstanding productions which could still give good service, but are not as good as the new ones. The newest personal computers have performance comparable with main frame computers as we know them and despite this fact they often serve only one user. Basic innovations in products come every 2 to 3 years and routine innovations are a daily affair. Anyone who is not capable of or willing to adjust to the market evaluation formed in this manner has no hope of success.

Our electronics has evaded this evaluation; we simply have stopped comparing ourselves with the rest of the world. We have created our own indicators of relative comparison of our results with results in the CEMA countries. We have managed and planned according to what we are able to do and what we have. We attempted to increase the volume of products without regard to the technical and economic parameters of the products and thus also without regard to their possible applications on the world markets.

We overlooked the basic significance of technology development and did not pay attention to the signals from experienced experts. Because of this the gulf between the rest of the world and us began to open up. As I have already said, we were travelling on a different track. This in and of itself was not a disgrace. A proper take-off for electronics was not achieved in any socialist country. From the beginning the requirements were met by simply and technologically undemanding electronics.

Few people believed and foresaw that the application of electronics would so strongly affect the success of other

fields and the entire economies. The time came, however, where in the GDR, for example, they recognized the importance and technological substance of electronics and began to take it seriously and they are also today, for example, two or three generations ahead of us in semiconductor memory chips. Three generations represents about 10 to 12 years of work.

Here we still have not made this basic turn around. We have gotten ourselves into a vicious circle because we do not have anything to export and on the other hand we do not have foreign currency resources for technology and components. I am not able to imagine further progress in our electronics without an unambiguous evaluation of our level by comparison with the level abroad. Until such time that this evaluation is at least a bit positive, we should not be giving each other medals, prizes, and standards in this field.

It is a fact that the experts continuously point out similar matters and despite this the problems are not solved. Often the comments of the experts do not even get to the proper place. I myself have been criticizing the lack of conceptual management and incorrect evaluation of the results of our electronics industry for a number of years now and I objected to many state goals; my comments were heard, but different decisions were made. In assigning tasks we start with what we can achieve rather than what we should achieve. We thus determine that we should reach a mean time between outages for a system of 2,500 hours. We successfully carry out the task, but the foreign systems have set this limit at 40,000 hours.

Incorrect evaluation literally demoralizes people. We have created our own world where the words good and excellent means something different than in the rest of the world. They must mean just what they say. We are also evaluated according to the evaluation of results and what kind of a head of household would it be if he came home without a bonus or if it was pointed out that our patents and improvement suggestions were not worth much.

At the same time, however, we leaf through the foreign magazines, look at the cars and computers, and wonder at what all is available abroad. But do not look for it here. We have gotten used to the fact that we must be well paid and for most of us that is the end of our concerns. Honest work and compensation for it have lost their meaning. We are convincing ourselves that restructuring is a matter of changing thinking and we put on the air that we are capable of beginning as soon as someone says "now." But the aggregate of habits necessary will be acquired only over a number of years and the sooner that we start, the sooner we will acquire them. I therefore turn to the central agencies with the request which I say to many of my colleagues: do not let us just pound sand in a rat hole; even without a computer you can tell it does no good.

## GERMAN DEMOCRATIC REPUBLIC

### Difficulty in Chemicals Industry Traced to Inflexibility

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[Text] With growth rates adjusted per work day of 2 percent in 1986 to 3.5 percent in 1988, the chemicals industry in the GDR has clearly fallen short of its planned target. Signs of the decline were already in evidence at the end of the 1970's. The average increase during the 1970's was 6.8 percent, with a high point of 9.4 percent in 1974 and the lowest rate of 3.6 percent in 1979. During the 1980's, an average rate of only 3.5 percent was achieved. Unlike the development at the end of the 1970's, this result can no longer be explained through difficulties in adjusting to an aggravated international situation with respect to raw materials.<sup>1</sup>

#### Division and Data

In accordance with the structure of industrial statistics, the chemicals industry of the GDR comprises the following eight industrial branches:

- Petroleum, natural gas, and coal products industry
- Inorganic and organic basic chemistry
- Pharmaceutical industry
- Chemical and chemical-technical special products industry
- Chemical fiber industry
- Plastics industry
- Rubber and asbestos industry
- Potash and mineral salt industry

This is a different division than in the FRG. Here, for example, petroleum and synthetics processing, as well as potash and mineral salt mining, are not considered part of the chemicals industry. However, an analysis is made difficult by the sparse informational practices of the GDR.<sup>2</sup>

Up to 1967, the Statistical Yearbook provided data on production and employment for all 66 branches of industry. Until 1976, indices for gross production were published for 42 branches of industry; after that, only for 13, including for three of the eight branches of the chemicals industry. Since 1970, employment figures have been provided only for the combined industrial sectors. Thus, the GDR fails to provide the basic information necessary for international comparative analyses. The gaps are filled in by DIW [German Institute for Economic Research] largely on the basis of other sources that are officially accessible.

It is noteworthy, moreover, that the chemicals industrial sector in the GDR is not identical to the area of competence of the Ministry for Chemical Industry. There are 15 combines that are subordinate to the ministry, including the Chemicals Industrial Construction Combine in Leipzig-Grimma (35,000 employees), which is categorized

as machine and vehicle construction under the classification of industry. In contrast, the Potash Combine in Sonderhausen is part of the chemicals industry, but is assigned to the Ministry for Ore Mining, Metallurgy and Potash. In addition, eight combines of bezirk-managed industry have been supplying chemical-technical products since 1982. The share of their enterprises in the gross production of the industrial sector is relatively small, but the nearly 10,000 employees make an important contribution to sustaining the population.

### Employment

Today in the GDR, a good 95 percent of all employees in the chemicals sector work for combines (see Overview).

The number of persons employed in the combines and enterprises has remained stable, almost completely unaffected by international developments. The rate of the dollar, raw material prices, trends on the world market for chemical specialties—all of this has scarcely touched the employee structure since 1980. Only the liquidation of one of the newest combines (Household Chemicals Combine, Genthin) brought about changes. The enterprises were assigned to other combines, e.g., the two major enterprises of the detergent industry went to the Agrochemicals Combine, Piesteritz, while candle production from Europe's biggest specialized enterprise went to the Petrochemical Combine in Schwedt. Enterprises for gelatin and bone glue were assigned to the Photochemicals Combine in Wolfen.

**Overview: Centrally-Managed Combines in the Chemicals Industry**

Combine	Employees		Number of Combine State Enterprises (VEB)	Goods Production (Chemicals Industry = 100)	Main Products
	1980	1988			
1. VEB Chemical Fiber Combine "Wilhelm Pieck," Schwarza	29,000	29,000	11	6	Synthetic fibers materials, viscose, activated carbon, polyester, tire fabric, floor covering, paper pulp, sulfuric acid
2. VEB Chemicals Combine, Bitterfeld	32,000	30,000	8	7	Basic chemicals—primarily inorganic, soda, plant protectives, organic dyes, chlorine, soda lye, sulfonamide, silicone, detergent, aluminum, insecticides, photochemicals, technical carbon products. After liquidation of the Household Chemicals Combine, cleaning and disinfectant agents as well (cf. 5)
3. VEB Chemical Works Buna, Schkopau	30,000	30,000	5	10	Synthetic rubber, PVC, solvents, chlorine, soda lye, organic and inorganic basic chemicals, synthetic consumer goods, e.g., floor coverings, PVC pipes and profile sections
4. VEB Agrochemicals Combine, Piesteritz	15,000	20,000	7	6	Nitrogen fertilizer, sulfuric acid, welding carbide, alcohol, saccharin, ammonia, urea, molding material, phosphate fertilizer, herbicides, calcium chloride. After liquidation of the Household Chemicals Combine, detergent as well (cf. 5)
5. VEB Household Chemicals Combine, Benthin	8,000	-	-	-	Detergent, candles, products for household and auto care. Now liquidated, cf. Combines 2, 4, 11, and 13.
6. VEB Lacquer and Dye Combine, Berlin	8,000	8,000	14	1	Lacquer and dyes, pigments, printing ink
7. VEB Plastics and Elastomer Processing Combine, Berlin	32,000	32,000	14	8	Ancillary products made of plastics and elastics, tubes, seals, asbestos plates, phenol resins
8. VEB Synthesis Work Combine, Schwarzheide	12,000	12,000	4	2	Polyurethane (rigid expanded plastics, munitions and explosives, herbicides)
9. VEB Cosmetics Combine, Berlin	8,000	8,500	7	1.5	Cosmetics, perfumes, softener, fine detergents, furniture and car polish, aluminum tubes
10. VEB Leuna Works "Walter Ulbricht," Leuna	30,000	30,000	4	11	Fertilizer, base material for plastics, phenols, lime, fuels, catalysts, technical gases

## Overview: Centrally-Managed Combines in the Chemicals Industry (Continued)

Combine	Employees		Number of Combine State Enterprises (VEB)	Goods Production (Chemicals Industry = 100)	Main Products
	1980	1988			
11. VEB Petrochemical Combine, Schwedt	30,000	30,000	6	30	Petroleum products, ethylene, propylene, tar products from brown coal, household and shoe care products. After liquidation of the Household Chemicals Combine, candles as well (cf. 5)
12. VEB Pharmaceutical Combine Germed, Dresden	15,000	17,000	17	5	Pharmaceuticals, vitamins, dye and leather accessories, preservatives, solvents, lab chemicals, insecticides, druggist products
13. VEB Photochemicals Combine, Wolfen	18,500	21,000	9	4	Photographic material, magnetic tape, photochemicals. After liquidation of the Household Chemicals Combine, gelatin, glue as well (cf. 5)
14. VEB Tire Combine, Fuerstenwalde	11,000	11,000	7	2	Tires, new and retreads, inflatable boats, balls
15. VEB Potash Combine, Sondershausen	33,000	33,000	7	3	Potash fertilizer and associated products, mineral salt, mineral wool, potash, bromine
Total	311,500	311,500	120		

Sources: DIW's GDR industrial data base; calculations and estimates by DIW

Structurally motivated shifts in the number of workers are small:

- The Bitterfeld Chemicals Combine has shut down several facilities. This is clearly a positive development, especially since this combine, with its outdated technology, is ecologically and economically questionable.
- The Schwedt Petrochemicals Combine, as initiator of the Schwedt initiative "Less Producing More," has apparently introduced savings in the area of manpower. Despite assumption of candle production, involving 2,000 workers, the combine's total employment figure remained constant.
- The number of employees at the Germed Combine rose due to the startup of a new pharmaceutical plant in Neubrandenburg.<sup>3</sup>

Despite these singular developments, on the whole there have been scarcely any shifts in the employment situation in the GDR chemicals industry in order to maintain an international competitive edge. The combines have apparently not been able to do so, and thus they are also preserving the structure of production.

## Structure and Development of the Industrial Branches

The petroleum, natural gas, and coal products industry has experienced different developments in the two German states. Unlike in the FRG, where crude oil use was drastically reduced during the 1970's, use in the GDR has scarcely decreased in recent years. At the same time, however, the GDR has—primarily with Japanese assistance—invested in more extensive petroleum processing. The share of "light" products in petroleum processing is currently greater than 70 percent, and in

the period from 1980 to 1988 use in the material economy rose from 15 percent to 26 percent.<sup>4</sup>

Of increasing significance in recent years in the GDR is the coal products industry (carbochemicals), which is especially negative in terms of economy and ecology.<sup>5</sup> More than 35 million tons of brown coal, at present approx. Some 12 percent of the annual output, is used either directly or indirectly—through coal upgrading and carbide-acetylene chemistry—to produce basic chemical substances. Approximately 22 percent of the ammonia, 30 percent of the phenol and 13 percent of the methanol production is based on brown coal. The facilities in Boehlen, Deuben, Espenhain, Leuna, and Buna were originally intended to be shut down 20 years ago. The high prices of crude oil at the beginning of the 1980's postponed this basically necessary decision. Still, the technical state of the facilities is questionable; they are unprofitable, unreliable and environmentally damaging. Experts from the GDR confirm that even at the highest level of technology, carbochemicals are uneconomical in comparison to petroleum and natural gas—not only at the current prices, but even with a difference between oil and brown coal prices that is many times the one now. Their reconstruction (general reconditioning) can no longer be justified in terms of the national economy.<sup>6</sup>

The potash and mineral salt industry in the GDR is having problems with the prices of its products, with tectonic conditions and with the increasing level of salt in rivers. With falling prices for potash fertilizer on the world market and a declining quality of raw salts, the prospects are not good. This branch ties up workers that are urgently needed in the GDR plastics industry, for example. The plastics industry (including synthetics processing) in the GDR has been able only to maintain its

share in overall chemicals production. In contrast, in terms of production and employment its counterpart in the FRG has shown the highest level of growth in the chemicals industry.

In the inorganic and organic basic chemistry branch as well, trends are discernible despite the relatively high level of heterogeneity in this branch. The importance of inorganic basic substances is traditionally greater in the GDR than in the FRG. Some of the facilities date back to the prewar era. Admittedly, the expansion of organic petrochemicals has enjoyed precedence in the past few decades. It is striking that the startup of the large nitrogen fertilizer work in Rostock led to a considerable increase in fertilizer production in the GDR (450,000 t/a), while corresponding production decreased in the FRG over the same period. Nitrogen fertilizer is produced from Soviet natural gas and ammonia. As long as the import of Soviet natural gas and oil is not paid for in hard currency, but rather in rubles, the GDR can transform non-convertible currencies into hard currency through further processing or further export of the raw materials.

The chemical and chemical-technical special products industry includes lacquers and dyes, cosmetics, photochemical products and detergent, for example. These are generally produced in the GDR only as mass goods. They are not competitive on Western markets. However, thus far neither domestic demand nor the needs of CEMA partners have been adequately satisfied, so that this branch is still capable of development. This is also true of the pharmaceutical industry. In order to improve quality, cooperation between Eastern and Western Europe is a possibility.

The chemical fiber industry of the GDR is of great significance, in terms of the employment figures. Production takes place on a "double track," in new and old facilities. The production of viscose fibers in the old plants on the basis of the domestic supply of wood and

logs is unprofitable and ecologically questionable. In contrast, chemical fiber production is relatively modern and competitive.

### Rigidity Weakens Growth

The combine structures in the GDR also have an effect on the branches of industry. Some combines hold monopolies over their products, and there is generally no inter-branch diversification. Immobility is the dominant feature of developments, and structural change is lacking. In contrast, the chemicals industry in the FRG offers a highly differentiated picture.

Initially, until the beginning of the 1980's, employment in this industrial sector was clearly on the decline (1970: 978,000 people, 1983: 866,000). In the meantime, it has almost risen back to its initial level, although the individual branches have shared in this to widely varying degrees. In some branches, the decline in employment seems to be irreversible, while in others an enduring upward trend has been superimposed over the short-term decline (cf. Table 2). International competitiveness presupposes a "healthy" mix between old and new branches of industry, between those that have gone beyond their high point of growth and those whose significance is on the rise.<sup>7</sup> Structural shrinkage, often caused by business trends, is associated with friction. It can result in regional and temporary unemployment, which means that social safeguards are necessary. In the short term, it generates measurable declines in the growth of the overall economy; for example, if especially qualified workers must be transferred, then know-how, business relations and investments must suddenly and unexpectedly be depreciated. These processes are unavoidable. They are a necessary precondition for redirecting resources towards future-oriented and less crisis-prone branches of industry. Thus far, nothing comparable to this has been seen in the employment situation among the branches of the chemicals industry in the GDR.

**Table 1: Gross Production of the Chemicals Industry. Structure and Development.**

Industrial Branch	Billions of Marks (1980 Prices)			Percentage Share (1980 Prices)						Comparison to 1980 Prices (1980 = 100)							
	GDR			GDR			FRG			GDR				FRG			
	1970	1980	1988	1970	1980	1988	1970	1980	1988	1970	1976	1983	1988	1970	1976	1983	1988
1. Petroleum, natural gas and coal products industry	9.5	17.1	22.2	33.7	32.4	31.9	37.2	30.8	21.2	56	86	114	130	98	101	77	79
2. Inorganic and organic basic chemistry	5.9	10.9	13.6	20.9	20.6	19.6	18.1	16.2	18.7	54	85	111	125	90	105	119	133
3. Pharmaceutical industry	1.0	2.2	3.5	3.5	4.2	5.0	5.7	7.6	8.1	47	79	109	159	61	87	105	122
4. Chemical and chemical-technical special products industry	5.5	9.4	13.2	19.5	17.8	19.0	12.6	14.7	17.8	59	86	106	140	69	89	104	139
5. Chemical fiber industry	1.6	3.6	4.8	5.7	6.8	6.9	1.8	2.0	2.2	44	86	117	133	72	88	107	127

**Table 1: Gross Production of the Chemicals Industry. Structure and Development. (Continued)**

Industrial Branch	Billions of Marks (1980 Prices)			Percentage Share (1980 Prices)						Comparison to 1980 Prices (1980 = 100)							
	GDR			GDR			FRG			GDR				FRG			
	1970	1980	1988	1970	1980	1988	1970	1980	1988	1970	1976	1983	1988	1970	1976	1983	1988
6. Plastics industry	2.8	6.1	8.0	9.9	11.6	11.5	16.0	22.4	26.0	46	85	113	131	58	82	102	133
7. Rubber and asbestos industry	0.8	1.4	1.8	2.8	2.7	2.6	7.6	5.4	5.1	57	81	107	129	113	99	96	109
8. Potash and mineral salt industry	1.1	2.0	2.4	3.9	3.8	3.5	1.0	0.9	0.9	55	78	110	120	86	90	97	107
Total chemicals industry (GDR definition)	28.2	52.7	69.5	100	100	100	100	100	100	54	85	112	132	81	94	97	115
Chemicals industry excluding petroleum, natural gas and coal products industry	18.7	35.6	47.3	66.3	67.6	68.1	62.8	69.2	78.8	53	85	112	132	73	91	106	130

Source: Industry archives of DIW; Materials for the 1987 Report on the State of the Nation in Divided Germany, Bonn, 1987; Association of the Chemicals Industry: The Chemicals Industry in Figures; Calculations and estimates by DIW.

**Table 2: Employees and Employment Structure in the Chemicals Industry**

Industrial Branch	Employees in 1,000 Persons										Percentage Share					
	GDR					FRG					GDR			FRG		
	1970	1976	1980	1983	1988	1970	1976	1980	1983	1988	1970	1980	1988	1970	1980	1988
1. Petroleum, natural gas and coal products industry	37	38	39	39	38	42	38	36	35	28	10.8	10.7	10.5	4.3	3.9	3.0
2. Inorganic and organic basic chemistry	96	98	99	99	98	196	196	205	183	188	27.9	27.2	27.1	20.0	22.2	20.1
3. Pharmaceutical industry	20	20	20	20	20	102	90	95	97	104	5.8	5.5	5.5	10.4	10.3	11.1
4. Chemical and chemical-technical special products industry	81	84	85	86	85	210	209	198	196	212	23.5	23.4	23.5	21.5	21.5	22.7
5. Chemical fiber industry	25	28	29	29	29	54	36	29	25	24	7.3	8.0	8.0	5.5	3.1	2.6
6. Plastics industry	40	44	45	46	45	217	212	238	222	269	11.6	12.4	12.5	22.1	25.8	28.8
7. Rubber and asbestos industry	12	12	14	13	13	144	109	107	95	98	3.5	3.8	3.6	14.7	11.6	10.5
8. Potash and mineral salt industry	33	32	33	32	33	14	12	15	13	12	9.6	9.1	9.1	1.4	1.6	1.3
Total chemicals industry (GDR definition)	344	356	364	363	361	978	902	923	866	935	100	100	100	100	100	100

Source: Industry archives of DIW; materials for the 1987 report on the State of the Nation in Divided Germany, Bonn, 1987; Association of the Chemicals Industry: The Chemicals Industry in Figures; Calculations and estimates by DIW.

Structural change in the GDR is failing not so much because of a lack of financial resources as because of the rigid planning and balancing system, despite a series of reform initiatives. The latest attempt at reform is a self-financing model being tested in 16 experimental combines. In the future, the combines should apply the principle of independent returns on resources. In this way, each combine should also have an independent investment fund at its disposal.<sup>8</sup> However, this only

makes sense if there is a market for means of production and labor, within certain limits. Otherwise, the material preconditions for using these resources are lacking.

There is no basis for the argument that a decision should be made within the chemicals industry in favor of modernizing the existing facilities, that the existing resources available for investment are inadequate for a fundamental restructuring of the entire sector. The

excessively long use of old facilities and neglect of replacement investments are resulting in an excessive use of material, energy and labor, thus generating pseudo-shortages. There are reports of "a growing trend in material and energy expenditures (80 to 90 percent of the overall enterprise costs) in products of the chemicals industry."<sup>9</sup> Even skilled workers are being squandered. Repair workers constitute 60,000 employees—around one-fifth—of the chemicals industry in the GDR. This is just under 10,000 more than in 1970.

The general reconditioning (reconstruction) of depreciated old facilities may make sense in exceptional cases.

Attempts to make up for the arrears in petroleum processing in Leuna by converting old hydrogenation chambers failed. The modernization of the old chlorate facilities in Bitterfeld was unsuccessful. After the reconstruction efforts at Bitterfeld were discontinued, a new facility was built with Swedish participation. It has increased the production of chlorates, depending on the type, by 35 to 50 percent, while at the same time decreasing material consumption by 40 percent and increasing labor productivity by 111 percent.<sup>10</sup> Reports like these give an indication of the degree to which personnel and material resources are continually being wasted. The corresponding costs presumably amount to many times the total that is available for investments in equipment in the industrial sector.

Table 3: GDR: Industrial Production of Selected Chemical Products

Product	Unit	1970	1980	1987	1988	1987 Index (1970 = 100)	FRG 1987 Production	Per Capita Population 1987 (FRG = 100)
Raw brown coal	Mill. t	262	258	309	310	118	109	1,012
Potash fertilizer	100 t K <sub>2</sub> O	2,420	3,422	3,510	3,510	145	2,060	606
Nitrogen fertilizer	1,000 t N	395	943	1,318	1,382	333	1,056	456
Sodium sulfate	1,000 t	208	124	179	180	86	164	388
Calcium carbide (based on 300 l C <sub>2</sub> H <sub>2</sub> /kg)	1,000 t	1,248	1,199	949	1,125	76	0	-
Ammonia	1,000 t NH <sub>3</sub>	585	1,436	1,434	1,410	245	1,824	275
Viscose fibers	1,000 t	115	123	121	.	105	162	265
Phosphate fertilizer	1,000 t P <sub>2</sub> O <sub>5</sub>	430	370	291	300	68	393	264
Calcinated soda, light	1,000 t Na <sub>2</sub> CO <sub>3</sub>	676	866	885	914	132	1,448	220
Diesel fuel and petroleum	1,000 t	3,619	6,119	6,382	6,301	176	10,928	208
Lubricants	1,000 t	352	414	481	506	137	1,024	167
Lacquers and paints	1,000 t	219	380	406	.	185	1,208	122
Boiled salt	1,000 t	49	52	59	.	120	217*	97
Chem. plant protection	1,000 t	20	51	59	62	295	219	96
Sulfuric acid	1,000 t H <sub>2</sub> SO <sub>4</sub>	1,099	958	867	799	79	4,104*	77
Synth. fibers	1,000 t	47	139	161	178	341	821	70
Gasoline	1,000 t	2,236	3,333	4,680	4,764	209	25,459	66
Light and heavy detergents	1,000 t	113	159	190	194	168	1,136	60
Sodium hydroxide (caustic soda)	1,000 t NaOH	413	626	577	627	140	3,635	57
Hydrochloric acid	1,000 t HCl	78	106	132	132	170	991	47
Plastics and synth. resins	1,000 t	370	861	1,061	1,149	287	8,546	44
Butanol	1,000 t	50	51	48	60	95	471	36
Organic dyes	1,000 t	9	10	12	12	134	152	27
Calcinated aluminum oxide	1,000 t Al <sub>2</sub> O <sub>3</sub>	55	43	51	64	93	1,313	14

\*1988

Sources: Statistical Yearbooks of the GDR, various years; Federal Office of Statistics, Trade Series 3.1, Vol 1987; Association of the Chemicals Industry e.V.: Chemicals Industry in Figures, 1986.

**Prospects**

While the chemicals industry in the FRG has been able to expand its favorable competitive position during the 1980's through structural adjustments, increasing its export quota to over 50 percent, the GDR is importing only around 25 percent of its chemical products, about half of which goes to the West, predominantly within the framework of German-German trade. Thus, the GDR is increasingly competing with threshold countries. For this reason alone, it cannot afford to lose its relative lead over its CEMA partners. In the future, the GDR with its combines will be able to successfully assert itself on the world market only if it makes considerable medium-term progress in rationalization, e.g., by abandoning coal chemicals and boosting modernization of other branches (chemical fibers, potash, and inorganic chemicals). The work force released by these measures could then be employed in development-oriented branches (e.g., in synthetics processing, consumer goods production, environmental protection, the infrastructure, and the renewal of the energy supply within the chemicals sector itself).

To this end, it will be necessary not only to shut down facilities from the prewar era; in addition, future-oriented branches must undergo extensive growth, so that workers are made available for other tasks: "Fewer produce more at new facilities." Among the economic leadership, however, security is still accorded more importance than profitability, and there is a lack of confidence in greater European cooperation. The old course is being pursued relentlessly.<sup>11</sup> In its "Balance Sheet of 40 Years of the GDR," the competent minister contends that the chemicals industry in the GDR is currently "achieving a nearly optimal ratio in the material-economy use of imported oil and natural gas compared to domestic raw materials... We will continue until the year 2000 to operate the two mainstays of chemical brown coal exploitation—the production of calcium carbide and low-temperature carbonization of brown coal—at approximately equal capacities." What seemed questionable nearly a decade ago, when crude oil prices were peaking, is now irrefutable given low prices for oil. The minister is counting on comprehensive utilization of brown coal using new technologies no earlier than in 2005.

**Footnotes**

1. Cf. C. Schwartau, "The Chemicals Industry in the GDR—Renaissance of Domestic Raw Materials Because of Restrictions on Petroleum Imports?" *WOCHENBERICHT DES DIW*, No 47, 1980, pp 485 ff.

2. Cf. C. Schwartau, "Production and Productivity: Methodological Notes," *Materials for the 1987 Report on the State of the Nation*, Bonn, 1987, pp 395 ff.

3. Cf. "The GDR Wants to Modernize Its Chemicals Industry," *FRANKFURTER ALLGEMEINE ZEITUNG*, 7 Sep 1989, p 23.

4. Cf. "40 Years of Successful GDR Chemicals," Press information from the Ministry for Chemical Industry for the 1989 Leipzig Fall Fair, p 3.

5. C. Schwartau, "Environmental Problems in an Old Industrial Area—the Halle-Leipzig Conurbation," *GEOGRAPHISCHE RUNDSCHAU*, No 11, 1987, pp 628 ff.

6. Cf. J. Bethkenhagen, "Structural Policy and Intensification in the GDR on the Model of Energy Policy and the Sources Indicated There," Presentation at the 22nd GDR Researcher Conference in Bonn-Roettgen, publication forthcoming.

7. Cf. C. Schwartau, "Phasenkonzepte, Unternehmensverhalten, Wettbewerb" [Phase Concepts, Enterprise Behavior, Competition], Berlin, 1977, pp 90 ff.

8. Cf. D. Cornelsen and A. Scherzinger, "Self-Responsibility Versus Control—The Rift in GDR Reform Policy," *WOCHENBERICHT DES DIW*, No 21, 1989, pp 237 ff; D. Cornelsen, M. Melzer and A. Scherzinger, "GDR Economic System: Reform in Small Steps," *VIERTELJAHRSSHEFTE ZUR WIRTSCHAFTSFORSCHUNG*, Vol 2, 1984, pp 200 ff.

9. Even for production of catalysts in the Leuna works—i.e., for very research-intensive products—this figure is 60 percent. See H.-D. Berrouschot, E. Brueckner and I. Weber, "Creation of Economic Guidelines to Evaluate Product Developments in the Chemicals Industry," *CHEMISCHE TECHNIK*, No 7, 1989, pp 275 ff.

10. A. Eser, "More Chlorates Through Consistent Modernization," *PRESSE-INFORMATION (GDR)*, No 99, of 25 Aug 1989, pp 3 ff.

11. G. Wyschofsky, "Balance Sheet of 40 Years of the GDR, All-Round Refinement of Domestic Raw Materials," *PRESSE-INFORMATION*, No 98, 24 Aug 1989, pp 2 ff.

**HUNGARY****Government 3-Year Economic Transformation Plan Questioned**

90EC0124A Budapest NEPSZABADSAG in Hungarian  
14 Nov 89 p 1

[Article by Sz. H.: "Crisis Management and Economic Transformation"]

[Text] Journalists were briefed yesterday at the National Planning Office concerning the government's 3-year economic program. We received the program several days ago. The fact that the program text was a draft came as a surprise to us, just as it did to National Assembly representatives. The program itself does not present too many novelties to those interested in economic issues, but the attachment does. It includes calculations and data. Thus, for example, the enterprise incentive program section includes a statement according to which the

Hungarian National Bank will establish a segregated loan fund of between 5 and 6 billion forints to invigorate small and medium-sized enterprises. Four-fifths of this amount will come from foreign sources. At the same time it will be possible to take out foreign exchange loans from commercial banks—as reported already—and the size of new start loans will be increased to 400,000 forints.

Peter Szerdahelyi, National Planning Office state secretary, said that next year's goal will be to simultaneously maintain our credit worthiness, to manage the crisis, and to change the economic system. The sphere of movement available to accomplish this is very tight, and therefore all needs cannot be satisfied at the same time. But the capitalist balance of payments deficit must be reduced by all means, and this is to be accomplished by improving the foreign tourism balance. Export sales to socialist countries must be reduced by 700 million rubles; more accurately stated: A 200-million-ruble surplus must be achieved. Wage outflow will have to be controlled in better ways than it was this year, by observing agreements reached in the course of interest reconciliation. This is necessitated by the fact that this year earnings increased twice as fast than the agreed upon rate.

In addressing the issue of whether it would be simpler to reschedule our indebtedness, the state secretary said that in and of itself, rescheduling would mean a 10-percent reduction in consumption, and a 30- to 40-percent decline in investments.

The primary question asked by journalists pertained to the extent that implementation of the plan is realistic. Szerdahelyi acknowledged that not all figures were appropriately well founded, and said that they were testing new methods by which margins of security could be built in. A separate fund for trade payable in rubles has been established in the Ministry of Commerce. All subsidies and withdrawals will be paid into that account in the future. With regard to trade transactions payable in rubles over and above the contingent, the free exchangeability of rubles into forints will cease. Rubles should be sold for as many forints as possible. They are also reviewing long-term agreements and interstate contracts.

Responding to a NEPSZABADSAG question as to why they believe that the international tourism balance will be positive next year, it was said that, based on regulations that have just now gone into effect, people will be able to purchase between \$200 million and \$300 million at most, while revenues derived from foreign tourism may be expected to materialize around the \$800 million level. The latter figure is based on long-term averages. No specific response could be given to the question of what changes they had in mind with regard to interest reconciliation, but according to their perceptions failures to comply with agreements must be sanctioned somehow.

## POLAND

### ZYCIE GOSPODARCZE 'Briefs' Columns

26000721 Warsaw ZYCIE GOSPODARCZE in Polish  
Nos 35-38, 27 Aug, 3, 10, 17 Sep 89

[Excerpts from a weekly news roundup column: "Last Week"]

[27 Aug p 2]

[Excerpts]

#### In Poland

In Cieszyn on 21 August 1989 on the 21st anniversary of the intervention by the military forces of the Warsaw Pact in Czechoslovakia, there was a demonstration under the slogan: "No More Fraternal Help." The demonstration was organized by activists of the Cieszyn Home Lands, the Solidarity Citizens' Committee, and the Polish-Czechoslovak Solidarity Group. There was also a demonstration in Krakow of solidarity with the Czechs and Slovaks. Its organizers were the Confederation for an Independent Poland, the Federation of Fighting Youth, and the Ryszard Siwiec-Jan Palach Fraternity. A declaration condemning the invasion of a fraternal country by the military forces of the Warsaw Pact and stating that the intervention was a violation of the sovereignty and national freedom of Czechs and Slovaks was read. [passage omitted]

On 16 and 17 August 1989, the Sejm met. The subjects of the deliberations were governmental proposals for laws on some provisions for the management of the budget economic system for August and September 1989. The provisional budget and proposed amendments to the law on the Rural Social Fund were assigned to Sejm commissions for further work. An Extraordinary Commission to investigate the operations of the Ministry of Internal Affairs was formed. The Sejm also adopted a declaration in conjunction with the 21st anniversary of the intervention by the military forces of the Warsaw Pact in the CSSR. [passage omitted]

On 19 August 1989, the Senate of the People's Republic of Poland held its fifth session. It examined proposed laws on some of the provisions of the state budget economic system in August and September after corrections were made by the government. During the session, several American Senators visited.

Beginning in September the index of retirement and pension revaluations will be 120 percent. The basic value of the benefits for retirees and pensioners will be increased by that amount (but by no more than 159,000 zloty). [passage omitted]

#### Abroad

Yuriy Gremitskikh, spokesman for the Soviet Ministry of Foreign Affairs, declared that the Soviet Union does not even have the slightest intention of intervening in

Poland's internal affairs. Nevertheless, he noted, it is vitally interested in the developments in the situation in Poland, a country that borders the USSR, is friendly to the USSR, and belongs to the Warsaw Pact. Asked about the attitude of the Soviet authorities toward Lech Walesa's declaration on the formation of a "government without communists," Gremitskikh responded that the question was no longer current for the Solidarity leader had said that the heads of some of the ministries should remain members of the PZPR. The spokesman for the USSR Ministry of Foreign Affairs described L. Walesa's comment that Poland is a member of the Warsaw Pact as level headed. [passage omitted]

The European Commission has decided to send 10,000 tons of beef from reserves stored in the FRG to Poland as part of the food aid approved in July 1989. Shipments are to begin in the next few weeks and should end prior to 8 October 1989. The EEC spokesman stated that the Community will bear the cost of the meat and its transportation. The price of a ton of beef is about \$3,300. As regards wheat, the EEC has decided to send the first shipment to Poland. It will consist of 200,000 tons of West German wheat, 75,000 tons of French barley, and 25,000 tons of Belgian barley. Money from the sales of the food articles in Poland at market prices will supplement a fund managed jointly by the Polish government and the EEC. The fund is to aid Polish private agriculture in support of the structural reforms.

An interview with Chancellor Helmut Kohl has appeared in the *SUDDEUTSCHE ZEITUNG*. It contained a fragment on Polish-FRG relations. The Chancellor said, among other things, "Since conditions have made it possible, I want to conclude our talks and to sign an agreement (with Poland). We have moved quite far in the discussions, and given good will on both sides, an agreement should be concluded fairly quickly."

Speaking of FRG economic aid for Poland, Kohl said: "I have always warned against exaggerated expectations while also taking the position that the best thing we can do to improve the economic situation in Poland is to support the largest possible number of joint ventures."

XINHUA reports that during the first six months of 1989, the number of small private enterprises in China declined by more than 15 percent. That is the first decline since the rebirth of private enterprise 10 years ago. According to recent official statistics, the number of small private enterprises near the end of June 1989 was 12.34 million. They employed 19.43 million individuals. These statistics indicate a decline of 2.18 million enterprises and 3.62 million employees from the record numbers recorded at the end of 1988. Private transportation, in which the number of enterprises fell by 26 percent, was most heavily hit. [passage omitted]

[3 Sep p 2]

[Excerpts]

#### In Poland

"Poland will change, if everyone wants it to," said Tadeusz Mazowiecki, the new premier of the government of the People's Republic of Poland, in his initial expose: 423 deputies participated in the election; 378 voted for, 4 against, 41 abstained. During the two days of deliberation (23-24 August 1989), the Sejm also adopted a law on some of the provisions for the Polish state budget economic system for August and September 1989 and changes in the budget law for 1989. The proposed law to abolish the death penalty was also given its first Sejm reading. The deputies also adopted a declaration of the Ribbentrop-Molotov pact.

On 25 August 1989, the Press Office of the chairman of NSZZ Solidarity provided PAP with the text of Lech Walesa's declaration in which he takes a position on the current situation in Poland. He said, among other things: "Two weeks ago I supported the candidacy of Tadeusz Mazowiecki to be president of the Council of Ministers, believing that Poland needed a decisive breakthrough without which we would continue to regress economically and as a civilized country. . . . We must save Poland, not some at the cost of others, but together. We have waited for this chance for 45 years. Let us not waste it today." [passage omitted]

Enepro, a research and implementation enterprise, which began its operations with computer services, has opened its first customs warehouse in Czeszochowa. The idea was born of observations of the audio and video market. The customs warehouse has the same goods sold in the West and provides a guarantee; the goods are available for immediate delivery.

On 23 August 1989, there were demonstrations in several cities in Poland on the 50th anniversary of the signing of the Ribbentrop-Molotov pact. In Warsaw after a demonstration on Constitution Square, a parade was held in the streets of Warsaw. In front of the Czechoslovak Cultural and Information Center, the demonstrators demanded an end to repression in Prague. The demonstrations in Poznan and Katowice were peaceful, but in Szczecin, where the militia had to intervene, they were more aggressive.

Some strikes have ended. As a result of agreements signed on 24 August 1989, strike actions by printers, and at the Marcel, Morcinek, Jowisz, and Grodziec mines ended. The emergency services in Warsaw also called off their occupational strike planned for 24 August; the settlements concerned wage increases and improvements in working conditions. Preparations to strike were also ended at the Belchatow power plant; the parties signed an agreement calling for, among other things, an increase in the wages of power industry workers by 100,000 zloty per worker. The strike action by the Lodz trainmen were suspended in response to an appeal by Lech Walesa. In conjunction with the election of Tadeusz Mazowiecki as premier, the All-Polish Strike Committee of Transportation Workers in Domestic Trade suspended preparations

to strike the domestic retail enterprises on 25 August 1989 in order to ensure the peace needed for the formation of a new government.

On Friday, 25 August 1989, the Federation of Metallurgy Trade Unions in Poland sent an appeal to all of the national union organizations, trade unions, managements, and workers' councils calling for the "resolution of all issues through negotiations and talks without halting production, the providing of services, and serving the citizens in offices. On this matter, we propose a six-month moratorium to give the new government a chance to begin effective efforts to save the economy, to save Poland."

One hundred telephones have been installed in private vehicles in Krakow; they have been installed mainly in the vehicles of owners of Polonia firms, partnerships, and small-scale manufacturers. The newly built, so-called base station on Choragwica has a capacity of 220 subscribers.

#### Abroad

[Passage omitted] A meeting of the finance ministers of the FRG, Austria, and Switzerland was held in Crans-sur-Sierre (Switzerland). During the meeting, they discussed the situation in Eastern Europe, especially that in Poland, in detail. The ministers of the three countries declared that they are prepared to help Eastern Europe, but they warned the states of that region not to expect large quantities of help. [passage omitted]

Doxapol, a public opinion research institute, recently founded in Hungary, conducted a survey evaluating the economic situation of the country on a scale from 1 to 5. The situation received a rating of 1.83. A year ago, 93 percent of the respondents thought that Hungary would find a way to improve its economic situation. Now only 70 percent think so. On the other hand, 71 percent of the workers surveyed in Budapest expect the situation will get worse for a while yet.

The Argentine parliament adopted a law giving the governments the parliament's power to privatize state enterprises for a period of 180 days. Reuters describes the law as "giving President Carlos Menem a free hand in privatizing state owned firms that are losing money."

Industrial production in the United States increased in July 1989 for the first time in three months confirming the view of many economists that at least for now the American economy has succeeded in avoiding a recession. According to statistics of the Federal Reserve, which serves as a central bank, industrial production increased 0.2 percent in July following a 0.1 percent decline in both May and June. In comparison with July 1988, industry in the United States produced 2.7 percent more.

Wall Street has finally made up for the losses suffered during the collapse in prices in October 1987. The Dow Jones Industrial Average reached a record level of

2734.64 at the close of business on the New York Stock Exchange on 24 August 1989.

The Community statistical office Eurostat reported that production of raw steel in the EEC increased during the first half of 1989 to 12 million tons and was 4.4 percent higher than during the first six months of 1988. In June 1989, the "Twelve" produced 12 million tons of steel or 3.6 percent more than in May and 2.3 percent more than in June 1988. Eurostat drew attention to the fact that the growth in production accelerated during the second quarter. The community produced 4.9 percent more steel than during the second quarter of 1988, but during the first quarter of 1989, the Community produced 3.8 percent more steel than during the first quarter of 1988.

[10 Sep 89 p 2]

[Excerpts]

#### In Poland

[Passage omitted] On 3 September 1989 on Jasna Gora in Czestochowa, a meeting of farmers from all over Poland was held; it was joined with a mass in thanksgiving for this year's harvest. The elder of the harvest was Jozef Slisz, chairman of the Temporary National Council of NSZZ Solidarity of Individual Farmers; the queen of the harvest was his wife Stanislaw. Andrzej Stelmachowski, marshal of the Senate, and Kazimierz Olesiak, minister of agriculture, forestry, and the food industry, among others, participated in the ceremonies. [passage omitted]

Prices for cigarettes and other tobacco products increased. Beginning on 4 September 1989 a pack (available or not) will cost 75 percent more: Carmens, 650 zloty; Caros, 550 zloty; Radomskie, 290 zloty; Klubowe, 210 zloty; and Popularne 180 zloty. Prices for imported cigarettes also increased by 75 percent.

Also beginning 1 September 1989, the City Taxi Enterprise raised charges for passenger and baggage taxis. Now 1 km will cost 200 zloty, 20 zloty more than before, 180 zloty. The payment according to the meter should now be multiplied by 20 (previously 18); ordering a radio taxi will now cost 1,600 zloty between 400 and 800, and 1,200 zloty during other hours. The charge for 1 km for a baggage taxi was increased by 21 zloty, to 245 zloty from 224 zloty. The rate on the meter should be multiplied by 35 (previously by 32).

On 1 September 1989, the central inauguration of the 1989-90 school year for more than 7 million pupils was held at the Communications Schools in Gdansk. This year, 681,000 children started school. About 600,000 teachers will teach and train our children and young people. [passage omitted]

On 30 August 1989, the Senate held its sixth session. Debate was devoted, among other things, to taking a position on the law changing the state budget for 1989. The Senate voted to adopt the resolution with four votes

against and 5 abstentions. It says, among other things, that after examining the law changing the state budget for 1989 adopted by the Sejm at its session on 23 August 1989, the Senate has decided to inform the president of the People's Republic of Poland that it has no reservations as regards the law.

#### Abroad

Senator Paul Simon announced that he will propose new forms of American economic aid for Poland. He intends to propose that the United States government delay interest payments due from Poland for three years. The funds produced (about \$250 million annually) would be capital available to Poland. The United States could then delay collecting half of the interest (\$125 million annually) over each of the following two years, increasing in this way the capital available to Poland by \$1 billion. After five years, Poland would make full payments. The senator is of the opinion that the United States should ask other states, including the USSR, to provide similar relief. Paul Simon also declared that the idea of creating a fund to stimulate American investment in Poland presented by President Bush deserves support and that the proposed sum should be increased. P. Simon proposed insuring the investments, but he also will ask for \$300 million annually (for three years) for loans for American-Polish investments in the private sector that will be controlled by an inter-governmental agency. Payment on the loans and interest should be immediately earmarked for further investment loans. P. Simon warned, however, that larger foreign investments in Poland should not be expected as long as the new Polish government has not solved the country's difficult monetary and inflationary problems. The senator drew attention to the fact that communication problems are one of the obstacles in business operations and asked for a one-time sum of \$25 million to improve the operations of the telephone system; the work would be done by an American firm. Since Poland is to pay the United States \$16 million in the near future, Simon suggested that sum plus an additional \$9 million be earmarked immediately for modernizing communications. Referring to President Bush's initiative to save Krakow, the Senator will ask a steel mill in Illinois to send experts on protecting the environment to Nowa Huta. [passage omitted]

Last year, the inflation rate in the USSR was 8 to 9 percent; 5 percent was due to the direct effects of price increases; 4 percent was due to the emission of money not covered by goods.

XINHUA reports that the CPC Central Committee and the government have decided to close a number of industrial, trade, and supply enterprises. The directive of the Central Committee and government says that by March 1990 firms will be audited and closed that are "unnecessary, do not have the proper qualifications, cannot meet the public's needs, violate the law or discipline, or are badly managed or are unprofitable." XINHUA did not report how many enterprises will be closed as a result of this action.

CHINA DAILY reports that 80,000 citizens of foreign countries came to China in July 1989 or 47.5 percent more than in July 1988. In comparison with June 1989, the increase was 11.3 percent. [passage omitted]

Specialists from the private sector estimate that at least 10 million Mexicans, or 30 percent of the population capable of working, works in the underground economy. They produce value equal to about one-third of the gross national product.

[17 Sep 89 p 2]

[Excerpts]

#### In Poland

[Passage omitted] On 11 September 1989, Tadeusz Mazowiecki met with representatives of the extra-parliamentary political parties: Leszek Moczulski of the Confederation for an Independent Poland, Senator Jan Jozef Lipski of the Polish Socialist Party, and Janusz Zablocki of the SD. Jacek Ambroziak, under secretary of state in the office of the Council of Ministers, and Aleksander Hall, candidate for membership in the Council of Ministers, participated in the meeting. The latter said, among other things: "It seems understandable that a premier who comes from the ranks of the former opposition would meet with political groups and political parties who also are children of August." [passage omitted]

In conjunction with the price increases for fuels, the press spokesman for the National Union of Farmers and Agricultural Circles and Organizations provided PAP with a declaration containing the following points: "The introduction on 7 September 1989 of price increases for fuels, especially for diesel fuel, . . . will increase the production costs in agriculture. The National Union of Farmers and Agricultural Circles and Organizations draws attention to the fact that it must cause an increase in the purchase prices for agricultural products."

On 11 September 1989, the first case of civil action against the Hajduk Chemical Plant in conjunction with its emissions of toxic chemical substances into the atmosphere (hydrocarbon vapors, including phenols harmful to the health of local residents) was heard in district court in Chorzow. The summons was brought by the district prosecutor, initially on behalf of two individuals and then on behalf of another 78 residents of Chorzow. [passage omitted]

On 7 September 1989 in Lublin, the Seventh International Conference "Chemistry in Environmental Protection" ended. There were 180 participating scientists and engineers from Polish research centers and from 38 countries. The four days of deliberation were organized by the International Committee for Chemistry in Environmental Protection. The joint organizer was the Lublin Polytechnic: the sponsors were the Ministry of

Environmental Protection and Natural Resources and the United States Environmental Protection Agency. [passage omitted]

In Szczecin, a contract worthy of the 40th anniversary of the A. Warski Shipyards and the Polish Steamship Company was signed. It includes an initial agreement for the second half of the 1990's providing for the construction of 30 new bulk cargo ships and 2 chemical ships by the Polish shipyard for the Polish shipping firm. World prices for ships of this type are roughly \$15 to \$20 million.

A spokesman for the Christian-Social Union announced that in conjunction with the disturbing price increases a broadly organized systematic effort to protect the poorest and the most needy is necessary. The Christian-Social Union and its local boards will organize kitchens for cheap food and will ask other organizations to cooperate.

#### Abroad

In the United States Congress, a new legislative initiative for economic aid to Poland has appeared. Paul Simon, senator from Illinois and a member of the Democratic Party, and a candidate for President in 1988, has presented proposed legislation on aid to Poland along with a group of other senators (we reported the details a week ago).

The press office of Prime Minister Margaret Thatcher announced that she has sent letters to President Bush, President Mitterrand, and Chancellor Kohl expressing the conviction that Poland should receive more effective aid from the West than heretofore. The first step in obtaining that aid must be, however, the conclusion of an agreement with the IMF.

The Swedish government has decided to provide Poland with direct aid of 300 million Swedish korons (not quite \$45 million) for investments and other undertakings that can contribute to improvement in the quality of the natural environment. The aid is to be spread out over three years. The funds will be paid out of the budget of the International Development Agency, which directs Swedish economic aid to the Third World, and are not to be returned.

The FRG press reports that West German industrialists and bankers with whom Walesa met "somewhat dampened his hopes" for rapid, noticeable financial aid for Poland. KOLNER STADT ANZEIGER: "Beautiful words and concrete acts are frequently two different things in politics." [passage omitted]

"Perestroika is moving forward with difficulty, but it is a sharp turn," M. Gorbachev stated in a television appearance.

In Budapest, statistics on unemployment benefits during the first six months of 1989 were published. During the period, more than 4,600 individuals received benefits. The state paid them 48.5 million forints. The majority of

those asking for unemployment benefits were between the ages of 30 and 50. A significant number of them were intellectuals and unskilled laborers. Hungarian specialists say that the appearance of unemployment in Hungary is associated with the structural changes occurring in the economy.

In Romania during the course of the first eight months of 1989 there has been a gross increase in industrial production of 7 percent, and the net increase in this section of the economy has been more than 8 percent in comparison with the same period in 1988.

In Romania beginning in October 1989, shipments of oil for the population are to increase by 20 percent and shipments of sugar by 15 percent. These basic food articles are rationed. Previously, rations for urban residents were 1 liter of oil and 1.5 kg of sugar per individual per month. [passage omitted]

The Argentine ministry of commerce reported that the level of inflation in August declined to 37.9 percent, although a month earlier it was 198.6 percent. Economists expect a further decline in the rate of inflation in September; it should not exceed 10 percent. [passage omitted]

The Finnish economy is overheated OECD experts say in their most recent report on the economic situation in Finland. They list several symptoms of stress. In 1988, inflation reached 6.8 percent, the level of unemployment fell below 4.5 percent, and the current accounts deficit reached 3 percent of the gross domestic product. An increase in imports of 10 percent, as in the previous year, led to a reduction in the surplus in the balance of trade. "For several years the Finnish economy ... has been experiencing a strong increase in domestic demand higher than the increase in production," the report explains. Investments by enterprises increased the most in 1988 (9.7 percent) in comparison with the 7 percent plus level of 1987. The increase in consumption by households was caused not so much by an increase in real incomes as by a decline in the savings rate after the removal of capital-market controls, which unblocked demand for credit.

## ROMANIA

### Efforts to Measure, Combat Air Pollution

90EB0042A Bucharest SCINTEIA in Romanian  
30 Aug 89 p 2

[Article by Ion Lazar: "The Cleanness of the Air We Breathe Can Be Rigorously Monitored"]

[Text] At the 27-28 July plenum of the RCP [Romanian Communist Party] Central Committee, the secretary general of the party stressed heavily that "particular attention must continue to be devoted to firm implementation of the party's and government's policy of protecting and preserving the environment. It will be

necessary in particular to make certain that the national programs for checking soil erosion are rigorously carried out and that the programs for afforestation, combating pollution, and carefully preserving water resources and the environment in general are implemented."

The law on sound management, protection, and ensuring the quality of water resources, enacted at the last session of the Grand National Assembly, was drawn up in the spirit of these requirements.

The experience acquired in applying environmental protection measures in Romania has shown that the problems in this area are examined and solved at the level of society as a whole from a broad viewpoint, with the entire population participating to detect and monitor the main sources of pollution and to carry out a wide range of measures.

"Like air and water" is an expression embedded deep in our consciousness as a sign of the vital importance of the two natural elements to human existence. Part of the process of protecting and preserving the environment is represented by elimination and prevention of air pollution. As human activity becomes more intensive as a result of rapid economic and social development, the amount of waste which the environment cannot absorb increases and it becomes increasingly necessary for man to intervene to reduce harmful waste. For example, more than 11,000 systems of various types have been built to clean the gases evolved by industrial processes.

The first requirement for combating air pollution is knowledge of the pollution level at all times.

Continuous systematic measurements are performed in a monitoring network spread over the entire country, states Oswald Neacsu, scientific director of the Institute of Meteorology and Hydrology (IMH) in Bucharest. The monitoring networks may be divided into three characteristic types, as a function of the nature of the sources of pollution, the distance between them and the detectors, and the way in which pollutants are spread. They are impact, regional (zonal), and background networks.

The monitoring networks and certain urgent current problems are discussed here on the basis of conversations with Petre Marcuța, head of the air chemistry laboratory, and physicist Rodica Serban, at the IMH and on the basis of observation of the methods of operation at a number of special-purpose laboratories and stations in Romania.

Monitoring networks in the first category, that of impact networks, are in operation in heavily industrialized urban areas. They are used to monitor air pollution due to local spread of pollutants deriving from multiple sources situated in the respective localities. In such areas the evolution of pollution over time and space generally has two aspects. High concentration values over short intervals (several hours) are superimposed on an average level extending over a longer period (season, year). Consequently, the strategy for combating air pollution

assumes two aspects. One is lowering the average level by using efficient trapping systems, less polluting fuels, and increasing the height of smokestacks. The other is prevention of high short-term values which under constant emission conditions are due to unfavorable meteorological conditions. Because of the high cost of measures of the first type, their application is often limited, and it is not possible to eliminate all risk of occurrence of critical pollution solutions. Consequently, the more economical measures of the second kind are resorted to, such as change in fuel, reduction of emissions, interruption of operation. These measures can be applied over limited periods, when the probability of critical pollution situations arises. Prior knowledge of these periods can be acquired by applying short-term air pollution forecasting methods. The elaboration and application of such methods require the existence of a continuously operating air pollution monitoring network, implementation of which in one area is one of the most efficient measures for controlling and preventing air pollution.

The second network category is that of regional air pollution monitoring, applied to trace the evolution of air quality due to medium-scale spread of pollutants from sources situated at distances on the order of tens of kilometers. Such networks can be applied to determine the degree of pollution at the national level due to internal sources and to the possible contribution of spread of pollutants across national borders, by means of measuring stations distributed throughout the country and along the border. A network such as this has been established in Romania by the Institute of Hygiene and Public Health. It includes 84 stations for measuring the concentrations of pollutants in air. This network category also includes the environmental radioactivity monitoring network.

The third category is that of background monitoring, in which the evolution of clean air quality is traced over time and space. The measuring stations are situated at great distances from any source of pollution, preferably in mountain areas at altitudes higher than 1,200 to 1,500 meters. The air quality in these areas is affected by spread of pollutants over long distances from sources situated hundreds of kilometers away. Special equipment and a suitable sampling and testing methodology capable of detecting traces of polluting substances are provided for a network of this kind. There are four such stations in Romania, installed in places free of any local pollution, on Semenice and Rarau and at Fundata and Stina de Vale.

It can easily be seen that there is an extensive pollution monitoring system. However, some systems are not operating properly or a number of tests are not performed. At the Rarau weather station, for example, the Sartorius system used to gather data on dust particles is being repaired. Samples of kinds of powder that might settle are taken at Cimpulung, but unfortunately the standards are not scrupulously complied with, and this obviously distorts the results. Plastic buckets positioned at various points around the bonding agent plant are

used to collect powdered materials in suspension along with rainfall, and the results are measured each month. At one point a bucket was suspended from a tree in a farmer's orchard, but placed on the ground in another. And if the buckets are accidentally overturned, the samples of a month are lost. The standards in force are very clear on this point. They lay down rigorous standards for the taking of samples. The persons involved might benefit from reading the state standards covering the subject. For years specialists have not taken samples at the Samota Firebrick Factory in Azuga. Nor has the Cimpina Epidemiologic Laboratory taken samples to determine the degree of the pollution that can be detected even with the unaided eye. The investigations conducted revealed that the pollution control authorities have not assigned obligations with respect to performing systematic measurements on the premises of industrial organizations. Pollution control must start at the source.

Constant monitoring of pollution is a task of the first importance. But simply taking samples is not enough. Efficient measures should be determined on the basis of these samples to reduce the extent of pollution. Sporadically we find that fines are assessed and warnings are issued. Stern intervention by specialists is urgently needed to prevent pollution.

One other aspect which we should mention is that of operating permits. No one does anything to suspend the activities of units which do not have such documents. And they have not obtained them because to a greater or lesser extent they pollute the air, water, and soil—nature, in short. The law is clear, but it is knowingly violated. This indicates poor understanding and opens the way for pollution.

We need modern industry and agriculture, but we need a healthy environment at the same time. And care to preserve natural factors must be a constant concern to all of us, to all citizens.

### **Development of Country Under Socialism Reviewed**

27000081 Bucharest ERA SOCIALISTA in Romanian  
15 Aug 89 pp 10-18

[Unattributed article: "The Great Transforming Power of Socialism"; first paragraph is ERA SOCIALISTA introduction]

[Text] Nicolae Ceausescu: "We can and must state as strongly as possible that socialism and only socialism has provided these magnificent achievements of our nation. Just as it must be emphasized that, on the whole, socialism has demonstrated its power and vigor and that it represents mankind's future of freedom, of well-being, of equality and peace."

In the years of socialist construction, especially after the Ninth congress, Romania has obtained successes of

historic importance in its economic and social development. The accomplishment of the anti-Fascist and anti-imperialist revolution for social and national liberation on 23 August 1944 paved the way for independent development and for proceeding in 1948 to the construction of socialism, to the achievement of profound revolutionary changes in our country. As a result, in a relatively short historical period, Romania has gone from a poorly developed, predominantly agrarian country to an industrial-agrarian country at the height of development, with modern industry and socialist agriculture in full swing, with a high level of civilization.

In this period, our country has gone through various stages of development—from the bourgeois-landlord society, divided into antagonistic classes, into the rich and the poor, into the exploiters and the oppressed, to the socialist society, in which economic, social, and national inequalities and the exploitation and oppression of man by man have been eliminated forever. As Comrade Nicolae Ceausescu, the secretary general of the party, stated at the plenum of the RCP [Romanian Communist Party] Central Committee on 27-28 June of this year, it is necessary "for us to stress the decisive role of the revolution for social and national liberation in 1944, which eliminated imperialist domination forever and paved the way for true independence, creating the conditions for the people to be able to forge their future as they wish, without any outside interference."

In the first stage of socialist construction, that of organizing industry, agriculture, and the other sectors on socialist bases, which covered a period of about 18 years—1948-1965—the bourgeois-landlord order and the exploitation of man by man were completely eliminated and the conditions were created for developing all sectors of activity as a unit on the basis of ownership by the whole populace and cooperative ownership.

The profoundly innovative changes in all fields of economic and social life in our country in the years of socialist construction took concrete form particularly in the years after the Ninth congress—a decisive moment in performing the work of building the new order, when, by the unanimous will of the Communists, of the whole nation, the most beloved son of the people, Comrade Nicolae Ceausescu, was chosen to head the party. To the leader of our party and state goes the decisive role in the vast unitary and continuous revolutionary process that Romania experienced in these glorious years, marked by magnificent accomplishments, unprecedented in the multimillennial existence of the homeland. The innovative, revolutionary, dynamic framework that Comrade Nicolae Ceausescu gave to economic and social life in our homeland, in the era inaugurated by the Ninth congress, has put its decisive imprint on the vigorous development of the national economy, on the entire work of building socialism in Romania.

Stressing the special significance of the Ninth congress for socialist construction in Romania, the party's secretary general, Comrade Nicolae Ceausescu, pointed out in

the speech at the great democratic forum in November 1988: "With good reason, it can be stated that the Ninth Party Congress began a new revolutionary era in the party's activity, in socialist construction in Romania. The conservatism, the stereotyping, and the idea of the 'sole model' in socialist construction were eliminated. The attitude of kowtowing to everything that was foreign was eliminated and the party and people's belief in their forces, in their capacity for thought and action, and their feeling of patriotic, revolutionary dignity were restored to them. In the entire activity we started from the fact that the application of the general objective laws and the principles of socialism is done differently from one country to another, from one stage of economic and social development to another."

With innovative, scientific rigor, with the farsightedness and boldness that are characteristic of him, the party's secretary general, Comrade Nicolae Ceausescu, has projected the coordinates and indicated the ways and means of building a modern and efficient economy and strongly mobilized all the forces of the nation to forge the multilaterally developed socialist society in our country and to increase the material and spiritual well-being of the people. Under his wise leadership, our party and state's policy for building and improving the new order, which had demonstrated its total viability, providing the splendid results obtained in Romania in the last 24 years, was worked out and put into practice.

Thus, in the second stage of socialist construction in our country, which included three 5-year plans—1965-1980—the creation of strong socialist industry on the basis of the newest gains in science and technology, the consolidation of the socialist sector of agriculture and the raising of agricultural production, and the development of the other sectors of activity were secured. At the same time, special attention was devoted to the expansion of scientific research activity and the improvement of education and of cultural and political-educational activity.

On going to the seventh and eighth 5-year plans, in the 1981-1990 decade, Romania entered a new stage of its economic and social development—the stage of forging the multilaterally developed socialist society and creating the conditions for the gradual transition to communism. In this period, we have turned to the intensive development of industry and the other sectors of activity on the basis of the newest gains in science and technology.

The balance sheet of the great accomplishments obtained in economic and social development in our homeland in the years of socialist construction, especially in the last 24 years, is presented succinctly as follows:

Item	1965	1988
National income	4.1	21
Industrial output	9.6	69
Agricultural output	1.4	3.7

Item	1965	1988
Investments	10	45
Existing fixed assets	2.5	16
Labor productivity in industry	3.3	12
Number of worker personnel	3.1	5.6

Note: 1938 = 1.

- This year's industrial output will be about 135 times higher than in 1945, and of this, the growth achieved after the Ninth congress is 120 times higher.
- Modern, multilaterally developed industry, which includes all important sectors of the economy and which can make highly complex, high-quality products of a high technical level, has been created. Industry now provides over 62 percent of all national income.
- In the same period, the agricultural output has risen about 10-fold, including more than 6-fold after 1965.
- This year's national income will be about 40 times higher than in 1945, of which a 33-fold rise has been achieved in the period after the Ninth congress.
- On this sound basis, the general development of the production forces throughout the country and the continual growth of the level of civilization, of the standard of material and spiritual living of the entire nation, have been secured.
- All these things demonstrate with the power of the undeniable facts the superiority and viability of socialism, its immense transforming power, the correctness of our party's policy of firmly and creatively applying the general economic laws and the principles of scientific socialism to the realities in Romania. This policy, which corresponds fully to the interests of our homeland, always takes into account the fact that on the basis of scientific socialism and only on this basis is it possible to really obtain the victory of socialism and communism, to achieve a society without exploiters, a society of socialist equity and justice. As Comrade Nicolae Ceausescu pointed out at the plenum of the RCP Central Committee in June of this year, "starting from the fact that socialism is being achieved under diverse conditions from one country to another, that there are no templates and 'models,' we must always bear in mind that socialism cannot be accomplished except on the basis of the principles of scientific socialism, on the basis of eliminating inequalities and man's oppression by man, by achieving new production relations and true social justice."
- The elimination of the foreign debt, which represented over \$11 billion in 1980, at the end of March 1989 constitutes a success of historic significance in developing our homeland, in forging the multilaterally developed socialist society. Adopting the decision to pay the entire foreign debt in this decade, our party

started from the fact that only by eliminating the foreign debt is it possible to secure complete economic and political independence and the steady implementation of the party's program for forging the multilaterally developed socialist society.

- The paying of the foreign debt was accomplished under the conditions in which action was being taken to secure the economic and social development of the homeland and the continual growth of the standard of material and spiritual living of the people and under the difficult conditions of the world economic crisis, which was affecting all countries of the world in 1980, especially the developing countries.
- Over 2 trillion lei, which is equivalent to over \$200 billion when calculated at the noncommercial exchange rate for the dollar, were allocated for development in 1981-1989.
- This year's industrial output is over 50 percent higher than in 1980, and the agricultural output is nearly 1.5-times higher.
- The volume of merchandise sold to the population, at current prices, is 40 percent higher than in 1980, and the total pay fund and the average pay have risen about 60 percent and about 50 percent, respectively, in this period.
- In 1981-1989, pay and pensions have been raised twofold, with the second raise in pay and pensions being completed this year, on 1 July.
- In this period, vast industrial and agricultural projects and vast projects of national interest have been carried out and over 1 million apartments have been built.
- "Only on the basis of the general development of the production forces, science, and culture," the party's secretary general, Comrade Nicolae Ceausescu, pointed out in the speech at the Plenum of the RCP Central Committee on 12-14 April 1989, "were we able to pay the foreign debt and also secure the economic and social development of the country. Without strong economic and social development—of industry, agriculture, and the other sectors—our country would have stayed at a backward level and we would not have been able to present ourselves now, in preparing for the 14th Party Congress and on the 45th anniversary of the revolution for social and national liberation, with the great achievements that have transformed Romania from a backward country into a strong industrial-agrarian country, with a high standard of living, a high level of well-being for the entire nation."
- In setting the objectives of the directive-program for the 1991-1995 5-year period and in prospect for the years 2000-2010, our party starts from the necessity of firmly applying the objective laws and the principles of scientific socialism to the realities in Romania, on the basis of steadily promoting the orientations substantiated in the economic, social, and political work of Comrade Nicolae Ceausescu.
- The continuation of the policy of developing the production forces, the improvement of production relations, of all social relations, the achievement of a new quality of work and life, the strengthening of revolutionary working-class democracy, the participation of all citizens in the management of society, and the full manifestation of the human personality will lie in the center of the party's strategy, securing the consistent implementation of the party's program for building the multilaterally developed socialist society and advancing our homeland toward communism.
- The intensive development of the national economy, the application of the programs for organization and modernization of production on the basis of the most advanced gains in science and technology, and the achievement of a new quality of work in all fields of activity constitute the basic objective of the ninth 5-year plan, securing the transition to the second, higher phase of constructing the multilaterally developed socialist society in our homeland and of implementing the party's program.
- In keeping with this objective, the next 5-year plan has as basic tasks:
  - The improvement of organization and the modernization and development of production, in accordance with the trends in the contemporary scientific and technical revolution;
  - The full use of production capacities with maximum efficiency and the substantial growth of production and national income per unit of fixed assets;
  - The intensification of the efforts to develop our own base of raw materials and energy resources, under the conditions of rational exploitation of them with high efficiency;
  - The firm continuation of the policy of developing the processing industry, with priority being given to the sectors of peak technology, so that Romania may become a country of high-quality products, at a par with the best achievements in the world;
  - The steady fulfillment of the objectives of the new agrarian revolution and the programs for securing high and stable agricultural outputs;
  - The more active development of economic exchanges with other states and of cooperation in production, science, and technology and the intensification of Romania's participation in the international division of labor and in the world circuit of values;
  - The continuation of the process of economic and social development of all counties, cities, and communes and of territorial organization and systematization of the localities;

- The heightening of the effect of the qualitative factors of economic development, through the more rapid growth of labor productivity, the reduction of material and energy consumptions, the achievement of a higher degree of utilization of resources, and the reduction of production expenses and the growth of profitability;
- The growth of national income both through the development of the production of goods and through the reduction of the percentage of material expenditures in the social product, and the optimum allocation of national income for consumption and accumulation;
- The further raising of the standard of living of the whole populace, the better and better satisfaction of the working people's consumption of agricultural, food, and industrial products, and the complete resolution of the problem of services for the population;
- The development of socialist ownership and the improvement of the whole set of social relations and of the management, organization, and planning of economic and social activity.

**The Strong Development of Industry—of the Production Forces on the Whole—the Foundation for Rapid Progress and for Modernization of the National Economy**

The Romanian Communist Party and its secretary general, Comrade Nicolae Ceausescu, always focus the policy for building the socialist society in our country on the strong development of the production forces and, in this context, the continual progress of industry and agriculture, as basic sectors that constitute the framework for the entire economy of the country, the providing of an optimum correlation between industry and agriculture and among all the sectors, and the creation of a harmoniously structured and balanced national complex. The way in which the policy of socialist industrialization of the country was conceived, organized, and achieved after the Ninth Party Congress is the most conclusive proof of the profoundly scientific, original, and creative character of our party's policy, based firmly on the application of the generally valid truths of scientific socialism to the concrete conditions in Romania. A basic objective requirement for building the multilaterally developed socialist society, the intensive development of industry is conceived by the secretary general of the party as a process meant to secure the better utilization of natural riches and human resource and the rapid growth of the economic potential of the country—the basis for national independence and sovereignty.

- The dimensions of the development of Romanian industry are brought out by the fact that the industrial output in 1988 was 69 times higher than in 1938; in other words, the industrial output in 1938 was achieved in about 5 days last year.

- Over a long period—more than 20 years—which followed the Ninth Party Congress, a high average annual rate of growth of industrial output—9 percent—was achieved, which puts Romania among the countries with the most dynamic industry.
- The programs for industrializing the country have created the conditions for strong development and rapid modernization of all sectors of the economy, especially the peak branches of industry, such as the electrical and electronics industries, optics and precision machinery, the production of means of automation and of machine tools, as well as the production of motor vehicles and power-generating equipment, the aeronautics industry, the industry producing complex machines and equipment, shipbuilding, and others. This has caused significant changes in the structure of industrial production, with positive implications for the growth of labor productivity, the promotion of contemporary scientific and technical progress, and the continual growth of the qualitative and technical level of products.
- Romania now possesses modern, developed, competitive industry, capable of solving the most complex problems of a technical nature for all sectors of activity in our economic and social life, including the production of nuclear-electric power equipment, the field of aviation, and other sectors of particular importance.
- The evolution of the industrial output as a whole and in some branches is as follows:

Branches	1965	1988
Industry—total	9.6	69
Metallurgy	12	61
Machine building and metal processing	23	304
Chemistry	35	392
Construction materials	23	166

Note: 1938 = 1.

- Under the conditions in which on a worldwide level the problems in the field of raw materials and energy resources are becoming more and more complicated, the Romanian economy's needs have imposed the orientation toward the expansion of geological prospecting, the steady development of the extractive industry, the full use of the national reserves of mineral substances, including those with a poor content, and the considerable alteration of the balance of primary energy in favor of solid fuels, especially coal.
- In 1988, the net coal production reached 58.8 million tons, as compared with 2.2 million tons in 1938 and 10.3 million tons in 1965, and the electricity production came to 75.3 billion kilowatt-hours, as compared with 1.1 billion kilowatt-hours and 17.2 billion kilowatt-hours, respectively.

- In the metallurgical industry, the steel production rose from 284,000 tons in 1938 to 3.4 million tons in 1965 and 14.3 million tons in 1988. Achieving a per capita steel production of 621 kg in 1988, our country has been one of the states with a strong metallurgical industry.
- Utilizing modern technologies and original technical solutions, the machine-building industry, which has about 30 percent of the total industrial output, provides over 90 percent of the volume of machines and installations necessary to the national economy, making at the same time a decisive contribution to the development of exportation.
- The current potential of the Romanian machine-building industry is reflected by the fact that the volume of this branch's output in 1988 was over 500 times higher than in 1945, with an average annual rate of growth of nearly 12 percent being achieved in the last 23 years.
- In the chemical industry, a branch that has made some of the fastest progress in industry since the Ninth congress (achieving an average annual rate of growth of over 11 percent), in particular, those sectors that provide complex processing of raw materials with low energy consumptions—fine-synthesis production, low-tonnage production, etc.—have been developed. In the last 2 decades, Romanian chemistry, heavily supported by its own research, has assimilated into manufacture highly technical products, appreciated worldwide for their excellent quality, such as, for instance, polyisoprene and polybutadiene rubber, ethylene, propylene, octanol, dimethyl terephthalate, acrylonitrile, polyethylene, polypropylene, polystyrene, polyesters, polyester resins, new medicines, dyes, lacquers and paints, and so on.
- The chemical industry's output in 1988 was about 1,300 times higher than in 1945, with this branch having 9 percent of the total industrial output.
- The development of the basic branches of industry—electrical and thermal power, metallurgy, machine building and metal processing, and chemistry—at high rates caused the percentage of these sectors in the total industrial output to grow from 20.7 percent in 1938 to 42 percent in 1965 and to about 51 percent in 1988.
- It is particularly noteworthy that, as a result of the rise in the per capita production of a number of basic products such as electricity, steel, industrial equipment, drilling rigs, tractors, automobiles, chemical fertilizers, basic macromolecular products, synthetic rubber, cement, furniture, radios, televisions, and a number of other goods for use by the population, the gap has been reduced considerably and a certain closeness to some economically advanced countries has been achieved.
- The high technical level of the industrial facilities built in the years of socialism, especially in the last 24 years, has provided continual growth in labor productivity, whose level in 1988 was 12 times higher than in 1938 and 3.6 times higher than in 1965.
- The development of industry in the current 5-year period is distinguished by the accent on its intensive character, a course outlined in the preceding years. The industrial output in 1990 will be 39.3-40.2 percent higher than in 1985, rising at an average annual rate of 6.9-7 percent. Viewed retrospectively, this rise will mean the obtaining of an output in 1990 about 83 times higher than in 1938 and 56 times higher than in 1950.
- The intensive character of the development of industry in the current 5-year period is brought out by the fact that this process is taking place under the conditions of the improvement and modernization of production, with faster rises being foreseen for those sectors and subsectors that provide better utilization of resources and more efficient utilization of manpower and that help to promote technical progress throughout the economy. Thus, higher average annual rates in the 1986-1990 period are foreseen in the machine-building industry (10.3 percent) and the chemical industry (10.2 percent), and within them, special attention is being devoted to the subsectors that represent peak technology: the electronics industry and the industry for means of automation and management of manufacturing processes, the precision-machinery industry, fine-synthesis chemistry and low-tonnage production, and so on.
- In keeping with the objectives and tasks in the draft directive-program of the 14th congress, the powerful production capacities that Romania now has will provide an increase of 30-35 percent in the industrial commodity output in the 1991-1995 5-year period, especially on the basis of intensive development and better utilization and modernization of the manufacturing processes. The reduction of material and energy consumption and the expansion of the procedures for industrial processing of resources, which will cause a rise in the degree of utilization of raw materials, fuel, and electricity by 20-25 percent from 1990 to 1995, will also have a significant role in attaining these increases.
- Stressing that the strategic line of the party's policy will still be strong growth in the production forces, through the application of the newest gains of the contemporary scientific and technical revolution, with Romania rising in this period to the stage of a developed country, with an intensive and harmoniously structured economy, as a basis for achieving a new quality of work and life for the whole populace, Comrade Nicolae Ceausescu, the secretary general of the party, pointed out in the speech at the plenum of the RCP Central Committee on 27-28 June 1989: "Although in many fields, from a physical standpoint,

the output achieved is at the level in the most developed countries, it is necessary that we act in such a way that in the next 5-year period and up to the year 2000 we attain such an improvement and modernization of the activity that we achieve a high technical and qualitative level and better utilization of raw materials and of our people's manpower."

- The industrial output—which will double from 1990 to 2000-2005—will also have still the decisive role in securing the economic and social development of the homeland and the general progress of the production forces.

### On the Way to Accomplishing the New Agrarian Revolution

In the years that have passed since the victory of the anti-Fascist and anti-imperialist revolution for social and national liberation on 23 August 1944, profound changes have occurred in our country's agriculture, with this important sector of the national economy experiencing in its evolution a continual revolutionary process. Thus, as Comrade Nicolae Ceausescu stated, the first revolution in agriculture, of a democratic, antifeudal nature, took place in the spring of 1945, with the powerful remnants of feudal-type relations being eliminated from agriculture and with landowners being abolished as a class. The second revolution occurred between 1949-1962 and was of a socialist nature. With the conclusion of the cooperativization of agriculture and with the placement of this sector on socialist bases, the process of forging the unitary socialist economy was completed, with any form of exploitation being wiped out.

In the period that followed the Ninth congress, our country's agriculture experienced a time of radical change. The party's secretary general, Comrade Nicolae Ceausescu, reconsidered the place and role, of the greatest importance, that go to agriculture and the peasantry in the general development of Romanian society, militating consistently to strengthen the worker-peasant alliance, acting firmly so that agriculture, a basic sector of the national economy, would make an ever greater contribution to the growth of national income, to the satisfaction of the consumption requirements of the population, and to the meeting of other needs of the national economy.

The intensive course of the development of agriculture in recent years has allowed us to proceed to carry out, along a wide front, the third revolution in this sector—the new agrarian revolution—a higher phase of development, which, in Comrade Nicolae Ceausescu's view, represents an all-inclusive concept that involves alike the production forces, the development of agrobiological science and of mechanization and chemicalization, the growth of production and labor productivity, the entire process of improvement in the organization and management of agriculture, and the alteration of the peasantry's working and living conditions themselves. "We intend, in fact," Comrade Nicolae Ceausescu points out,

"to achieve a true agrarian revolution as regards production, labor productivity, technical level, economic efficiency, and general social activity in our villages. Everything will have to be done to obtain higher vegetable and animal outputs, on a par with the top units, which would allow us to satisfy the scientifically substantiated requirements of the consumption of the population as well as the other needs of the national economy."

- The consistent attainment of the objectives of the new agrarian revolution has caused the growth of the technical-material base and the intensification of the modernization of agriculture. In the years of the construction of socialism, particularly after the Ninth Party Congress, big sums, representing 666 billion lei in the 1945-1989 period, including 602 billion lei in the 1966-1989 period, have been allocated every year for the development of agriculture.
- With agriculture possessing over 15 percent of the total volume of investments in the economy, the funds allocated to agriculture in the 1966-1989 period have contributed to the growth of the degree of mechanization of agricultural work and to the implementation of a vast program of preparations for irrigation and other land-improvement work.
- The growth in agriculture's technical potential follows from the ensuing data:

Item	1950	1965	1988*
Agricultural tractors	13,713	81,356	165,072
Chemical fertilizer spreaders	—	4,363	16,419
Tractor-drawn sprinklers and dusters	—	5,417	21,918
Grain combines	118	39,987	65,436
Tractor-drawn fodder combines	—	7,716	14,294
Straw and hay balers	—	8,519	19,680
Arable area per tractor (hectares)	684	121	61

Note: Figures represent units at the end of the year. Dashes indicate missing data.

\* Provisional data.

- The total area prepared for irrigation rose from 42,500 hectares in 1950 to nearly 230,000 hectares in 1965 and nearly 3.8 million hectares in the spring of 1989.
- The chemical industry has furnished to agriculture, every year, greater amounts of chemical fertilizer, insecticides, fungicides, herbicides, and other substances necessary to plant development. Thus, in 1988, agriculture received over 1.4 million tons of chemical fertilizer (100 percent active substance), as compared with only 5,900 tons in 1950 and 266,000 tons in 1965. As a result, on the average, 120 kg of chemical fertilizer (active substance) were used per hectare of arable land in 1988, as compared with 0.6 kg in 1950 and 27 kg in 1965.

- The effects of developing the technical-material base and improving the production relations in agriculture are reflected in the rise in the agricultural gross output, which was 2.6 times higher in 1988 than in 1965, with the vegetable and animal agricultural outputs registering increases of 2.5-fold and 2.7-fold, respectively.
- In the last 3 years, a cereal output of over 30 million tons has been obtained, as compared with 12.6 million tons in 1965; the achievement of at least 35 million tons of cereals in 1990 is anticipated. These outputs, coming to over 1,300 kg of cereals per capita, are going down as record outputs in the country's history.
- High outputs were also obtained for other crops in 1988 in comparison the 1961-1965 period: 1.7 times higher for sunflowers, 2.3 times higher for late potatoes, 5.4 times higher for field vegetables, 3.1 times higher for fruit, and 2.5 times higher for grapes. If the output obtained in the 1934-1938 period is taken into calculation, the increases appear really spectacular: 4.1 times higher for cereals, 4.5 times higher for potatoes, and 5.4 times higher for vegetables.
- In particular, the growth in the yields per hectare has helped to obtain these production increases. Thus, in 1988, over 250 state and cooperative agricultural units achieved record yields of over 8,000 kg of wheat and barley and over 20,000 kg of ears of corn per hectare; in a number of units, high yields were also obtained for other crops and in zootechny.
- The steps taken, especially after the Ninth Party Congress, to develop zootechny have had an important role within the complex actions for the development and modernization of agriculture. At the start of 1989, the animal populations came to 7.2 million cattle, 15.4 million hogs, 20 million sheep and goats, and 138.5 million poultry, which means 2 times more cattle, 5.6 times more hogs, 1.9 times more sheep and goats, and 5.1 times more poultry than in 1938.
- The national program for securing steady and stable outputs by raising the land's production potential, better organizing and using agricultural land, the entire area of the country, as a unit, and doing irrigation on about 55-60 percent of the arable area and the work of drainage and of control of soil erosion is of exceptional significance for attaining the objectives of the new agrarian revolution. Drawn up on the initiative and with the decisive contribution of the party's secretary general, Comrade Nicolae Ceausescu, this program for transforming nature, a program of great national interest—whose implementation is going successfully—fits harmoniously into the extensive process of developing modern, intensive, highly productive agriculture.
- The further attainment of the objectives of the new agrarian revolution and the intensive development and the modernization of all agriculture will lead—as

is foreseen in the draft directive-program of the 14th Party Congress—to growth in of the agricultural gross output by 20-25 percent and in the net output by 30-35 percent.

- New actions from the national program for land preparations will be carried out, with the irrigated area coming to 6 million hectares and with the areas on which work to prevent and control soil erosion and excess moisture has been done coming to 3.7 million hectares in 1995.
- The creation of the conditions so that an output of 35-40 million tons of cereals per year may be obtained by 1995 will be pursued.
- Through the consistent continuation of the policy of carrying out the new agrarian revolution and achieving modern agriculture, with a view to providing high outputs that would fully cover the consumption needs of the population, the supply of raw materials for industry, and the other needs of the country, a stable yield of 40-45 million tons of cereals per year will be reached by 2000-2005. In this period, the preparation of the entire area possible to irrigate and the work of prevention and control of soil erosion and excess moisture will be completed, with agricultural production being based, to a wider and wider degree, on the gains in modern biology and genetic engineering.

#### **The Scientific and Technical Revolution, a Strong Mainspring of Economic and Social Development**

Along with the growth in the production forces and in a close connection with it, science, education, and culture—factors of primary significance for successfully forging the new social order—have experienced strong development.

The Ninth Party Congress had a decisive role in substantiating the strategy for developing the production forces, on the basis of the newest gains in scientific research and the introduction of new technology. To Comrade Nicolae Ceausescu, the secretary general of the party, goes the credit for having devised a unitary, far-reaching view regarding the role and significance of scientific research and the introduction of new technology, as decisive factors in economic and social development. At the Ninth congress, Comrade Nicolae Ceausescu pointed out that "science, which underlies the construction of socialism, must make its more and more active contribution to continually strengthening the homeland's economic power and to developing our entire society," substantiating programmatic orientations of great theoretical and practical significance with regard to the organization of scientific research and the harmonious combining of basic research with applied research.

Comrade Acad Dr Eng Elena Ceausescu, an eminent political figure and prestigious scholar of international renown, first deputy prime minister of the government, and chairman of the National Council of Science and Education, is making a decisive contribution to the

organization and coordination of the activity of scientific research and technological development and to the promotion of technical progress, of the results of Romanian scientific and technical research, in all sector of the economy. The special programs, prepared under the direct guidance of Comrade Elena Ceausescu, orient all research activity toward solving major problems of the economy concerning the modernization of production, the steady development of the national potential for raw materials and energy resources, the introduction of new energy sources into the economic circuit, the improvement of the technical and qualitative level of products, the reduction of material consumptions, the expansion of mechanization and automation, the assimilation of new products and technologies with high technical and economic parameters into manufacture, and the more marked growth of labor productivity and of efficiency in all fields of activity.

- The fact that the fixed assets existing in the scientific research units in 1987 were over 112 times higher than in 1945 and over 10 times higher than in 1965 is indicative of the attention devoted to scientific research after the Ninth congress. At the same time, the expenditures for scientific research in the 1976-1980 5-year period were over eight times higher than in the 1961-1965 period, with the expenditures in the 1986-1990 period being nearly two times higher than in the 1976-1980 period.
- In keeping with the decisions of the Ninth congress, according to which the introduction of technical progress was to be done on the basis of our own scientific research and not on the basis of licenses, science's technical-material base has been expanded considerably in the last 24 years. Romania now has 215 scientific research institutes and centers (as compared with 110 in 1965 and 52 in 1945) and 100 agricultural research and production stations (as compared with 36 in 1965).
- The personnel engaged in the activity of scientific research, design, and conception total 280,000 people, this being over 70 times more than in 1945.
- As a result of the growth in scientific research activity, over 17,000 technologies and systems for mechanization and automation were applied to production in the 1966-1988 period, particularly in the branches of chemistry, metallurgy, machine building, electrical engineering and electronics, construction materials, and light industry.
- In the same period, nearly 44,000 new and modernized types of machines, equipment, apparatus, and installations with better characteristics and about 18,000 materials and consumer goods were achieved and introduced into manufacture. In each 5-year period in this interval, nearly half of the production of the industrial branches was renovated and modernized.
- In the strategy for intensive economic development, a decisive role in the action to modernize and to raise the technical level of all production goes to Romanian science in the current 5-year period. The substantial rise in the technical and qualitative level of products, the improvement in the structure of production, and the more and more efficient utilization of economic resources will lead to growth in the degree of competitiveness of Romanian products on the foreign market.
- In the 9th 5-year period, scientific research and education will also make a significant contribution to the intensive development of the national economy and the training of personnel and to the multilateral progress of the homeland. In conformity with the provisions of the Draft Directive-Program for the Economic and Social Development of Romania in the 1991-1995 5-Year Period and the Long-Term Orientations up to 2000-2005, the activity of research and of introduction of new technology will be oriented particularly toward carrying out the programs for organization, modernization, and development of the economy, expanding our own base of raw materials and energy resources, and discovering new reserves.
- Starting from the tasks that are to be performed in the next 5-year period and up to the year 2000 in order to further expand the production forces, the party's secretary general, Comrade Nicolae Ceausescu, stressed the necessity of acting even more steadily to strongly develop scientific and technical research, so that in this period, by the end of the second millennium and the start of the third millennium, Romania may become a strong force for scientific and technical progress, with a high scientific and technical level of development; this constitutes a lawlike requirement for carrying out the party's program, for successfully forging the multilaterally developed socialist society. "To lag behind in the field of scientific research and technology, of human knowledge," Comrade Nicolae Ceausescu points out, "means to lag behind in the construction of socialism, in the general development of the production forces, of our entire society. However, our socialist society is creating the best conditions for rapidly achieving a high level of scientific and technical research, for raising the general level of knowledge in order to secure the creation of a people with a high revolutionary, scientific, and cultural consciousness."

#### **Accumulation—the Main Source for Developing the Entire National Economy on the Basis of Socialist Ownership**

The profoundly revolutionary, far-reaching, highly complex changes, occurring especially in the last 24 years, have been caused by putting into economic and social practice the original view, of broad political and scientific scope, of the party's secretary general, Comrade Nicolae Ceausescu, with regard to the rational, optimum utilization of national income for the accumulation fund and the consumption fund. Discerning with remarkable

farsightedness the ways in which the development of the production forces at a high rate can be secured, Comrade Nicolae Ceausescu, back at the Ninth Party Congress, raised the correlation between the accumulation fund and the consumption fund to the rank of a basic political choice.

Stressing the truth, fully confirmed by life, according to which economic progress and the level of well-being and civilization depend decisively not on how much society consumes at a given time but on its capacity to secure reproduction on an ever greater scale, possible only by allocating a significant, sensibly proportioned amount of national income for development, Comrade Nicolae Ceausescu stated in the speech at the Plenum of the RCP Central Committee on 1-2 June 1982: "To consume everything or nearly everything means to condemn the country to backwardness, to the loss of independence and sovereignty, thus affecting the very future of the country, of the people. We must always bear in mind and be aware that only by providing a high level of accumulation and of expanded socialist reproduction will we also create the conditions needed for continually increasing the material and spiritual well-being of the people."

The putting of this political choice into the economic practice of the country has permitted the initiation and implementation of broad programs for developing the production forces and for improving the structures of the national economy, securing the continuing process of expanded reproduction, the unprecedented growth of national income and national wealth, and, as a direct consequence, the raising of the standard of material and spiritual living of the people. All the great achievements in the years of socialist construction, especially after the Ninth congress, have been possible to attain due to the consistent application of the objective law of accumulation, of expanded reproduction and development. Starting from this, every year, about one-third of national income has been allocated for the development fund and about two-thirds for the consumption fund in the last 24 years. Only in this way has it been possible to secure the implementation of the program for developing the production forces, industry, agriculture, science, education, and culture and the vast program for housing, social, and cultural construction.

- Socialist ownership—the only basis for the forging of socialism and communism, for the well-being of the population—has been developed strongly on the basis of growth in fixed assets. "I want to mention once again," the secretary general of the party pointed out in the speech at the plenum of the National Council of Working People in July of this year, "the necessity of doing everything to continually develop socialist ownership—by the whole populace and on a cooperative basis—in all fields, in industry, transportation, and agriculture, in all sectors, with both forms of ownership representing the path to economic and social progress for the homeland, to the successful forging of socialism and communism."

- A retrospective examination of the effects of the scientific strategy for allocation of national income for the accumulation fund and the consumption fund on an economic and social level, a strategy firmly applied in the period after the Ninth Party Congress, demonstrates fully the viability and correctness of this strategy. The practical results refuting the theses according to which the accenting of accumulation would supposedly cause the reduction of the consumption fund confirm the fact that Romania's national income, consumption fund, and national wealth have registered constant increases since 1965, on the basis of which the standard of material and spiritual living of the people has been improved continually.
- The utilization of a large amount of national income for accumulation has permitted the implementation of a vast program of investments by means of which the strong development of socialist ownership and of the technical-material base of industry and agriculture, the other sectors producing national income, and social and cultural activities has been secured, extensive civic construction and an imposing number of dwellings have been achieved, the road and railroad systems have been systematized and modernized, large areas of land have been prepared for irrigation, and other objectives have been attained.
- Of the total volume of investments in the national economy in the years of socialist construction, which comes to over 4.1 trillion lei, the investments carried out in the years after the Ninth congress total about 3.7 trillion lei (that is, over 90 percent), with the average annual volume in this period being 161 billion lei, that is, about 6.7 times higher than the annual average of the investments carried out in the 1951-1965 period, when the percentage of accumulation in national income was between 17-25.5 percent.
- Of the more than 10,200 big production capacities put into operation in the 1945-1988 period—in industry, agriculture, zootechny, and other sectors of activity—nearly 8,600 capacities have been connected to the economic circuit of the homeland in the last 23 years alone, which means that, on the average, a new capacity has begun to produce each day.
- In the 1966-1988 period, 2.6 million apartments were built from state funds (6.6 times more than the number built in the 1945-1965 period) and over 700,000 dwellings were built from the population's own funds.
- All these things helped to increase the volume of fixed assets—the main component element of socialist ownership and national wealth—by about 20-fold in comparison with 1945, coming to 3,367.7 billion lei in 1988, while national wealth in its entirety represented 5,177.5 billion lei—21 times more than in 1945.

- The fact that about 90 percent of the fixed assets have been put into operation in the last 24 years indicates the "youthfulness" of the fixed assets now existing in our national economy, the rapid progress in supplying modern equipment to the various sectors, and the

high technological level of the machines, equipment, and installations with which the great majority of our enterprises are furnished, which provides the possibility of achieving products of a high qualitative level, competitive on a world level.

Item	1951- 1955	1956- 1960	1961- 1965	1966- 1970	1971- 1975	1976- 1980	1981- 1988
Total volume of investments (billions of lei)	61.9	100.2	199.7	330.8	549.0	931.9	1,885.5
Fixed assets put into operation (billions of lei)	50.0	90.9	172.8	296.2	501.4	768.0	1,721.5
Number of newly created workplaces (thousands)	825.4	300.8	1,056.1	803.4	1,192.1	1,039.2	503.0

- A number of facilities in industry and other sectors of the national economy go among the great accomplishments in the era of strong socialist flourishing of the homeland—the Nicolae Ceausescu Era—big strongholds in the fields of metallurgy, chemistry, machine building, power generation, and other fields of activity, such as the Iron Gates I and Iron Gates II hydroelectric power stations on the Danube, built in cooperation with Yugoslavia, the chain of hydroelectric power stations on the Arges and Olt Rivers, the Rogojelu and Turceni thermoelectric power stations, the Calarasi and Tirgoviste iron and steel combines, the chemical combines in Pitesti, Midia-Navodari, Rimnicu Vilcea, Slobozia, and Giurgiu, a large number of big plants and factories, machines and equipment for various sectors of the national economy and industry, automobiles, aircraft, and equipment for the nuclear-electric power stations, the Bucharest subway and the Danube-Black Sea and Poarta Alba-Midia-Navodari Canals—major navigable channels—created exclusively through the efforts of the Romanian people, the Transfagarasan, and the big irrigation and land-improvement projects and others in agriculture.
- With about 70 percent of national income being allocated for consumption and 30 percent for the development fund in the current 5-year period, too, the implementation of a vast program of investments, totaling 1.3 trillion lei, on the basis of which about 900 big industrial, agricultural, and zootechnical production capacities will be constructed and put into operation, is foreseen in the 1986-1990 period.
- At the end of the 8th 5-year period, national wealth will be about 5.5 trillion lei, of which fixed assets will come to about 3.8 trillion lei.
- With the further promotion of the policy of optimum division of national income into a consumption fund and a development fund, in the draft directive-program of the 14th Party Congress it is stipulated that 70-72 percent of national income is to be allocated for the consumption fund and 28-30 percent for the accumulation fund in the 1991-1995 5-year period and in prospect for 2000-2005. In the 9th 5-year period, about 1.6-1.7 trillion lei of investment funds will be allocated for development. From these funds, the program for modernization of equipment

and installations, in particular, will be carried out, and about 250 billion lei will be provided for agriculture, particularly for completing the national land-improvement program. At the same time, a large amount of investment funds—nearly 250 billion lei—will be devoted to the construction of housing and other social and cultural structures.

#### The Production Forces, Rationally Distributed Throughout the Homeland

The rational distribution of the production forces over the territory and the development of all areas and localities of the country represent a basic constant in the Romanian Communist Party's economic and social policy, promoted steadily after the Ninth congress. The new territorial-administrative division in 1968 has offered a better framework for implementing the party's economic and social policy. The continual rise in the level of economic and social development of all counties has consolidated the material base for full equality for all citizens of the country, without any discrimination. Substantiating this major political choice, Comrade Nicolae Ceausescu pointed out that "the improvement in the distribution of the production forces over the territory has as a consequence the more and more sensible use of the population's manpower and, implicitly, a better distribution of incomes and the general growth of the working people's standard of living. Only on the basis of eliminating the backwardness in some areas and harmoniously developing the technical-material base of socialism throughout the country is it possible to create conditions for the advance of the socialist society, for the gradual transition to communism."

- In the period after the Ninth Party Congress, as a result of the implementation of extensive investment programs, the technical-material base of all counties was expanded, developed, and modernized. The allocation of the investments was directed with priority toward counties poorly developed in the past, such as Bistrita-Nasaud, Botosani, Buzau, Calarasi, Covasna, Dimbovita, Gorj, Harghita, Mehedinti, Olt, Satu Mare, Salaj, Teleorman, Tulcea, Vaslui, Vilcea, and Vrancea; this led to the growth of the volume of fixed assets in these counties at an average annual rate of 9.5-13.5 percent in the 1966-1985 period, surpassing the national average of 8.9 percent, which helped to

reduce the gaps existing in the economic potential of the counties.

- All counties now have in operation fixed assets that far exceed the figure of 20 billion lei, with over half of them having fixed assets valued at more than 40 billion lei, while only the counties of Brasov, Constanta, Galati, Hunedoara, and Prahova and the municipality of Bucharest had fixed assets of more than 20 billion lei in 1965.
- Nearly 2,000 enterprises, located in the old centers and on the more than 180 new industrial platforms, have been created in the more than 20 years that have passed since the improvement in the country's territorial-administrative organization, with each county now having at least 4-5 industrial centers.
- In all counties, big increases were also obtained in the level of agricultural output, of construction, and of other economic activities, so that the objective, set by the 12th Party Congress, of having in each county capacities that would achieve a volume of economic activity of at least 70,000 lei per capita was attained in 1985.
- The continuation of the policy of sensible placement of new industrial facilities on the territory in the current 5-year period and the development of agriculture, construction activity, transportation, services, and other activities have led to the economic and social development of all counties, cities, and communes of our homeland. The objective, set by the 13th Party Congress, of obtaining in each county a total annual volume of economic activity of at least 80,000 lei per capita has been attained 2 years early, except in 2 counties—Botosani and Vaslui—which will reach this level in 1989.
- A per capita industrial output below 10,000 lei was achieved in 18 counties in 1968, and in 4 of them this output was even below 4,000 lei, but all counties will exceed the level of 50,000 lei per capita in 1990.
- In the period after 1968, with the improvement in the territorial-administrative organization of the country, new industries appeared in a number of counties, such as the electrical and electronics industry in the counties of Dolj, Harghita, and Timis, the aeronautics industry in the counties of Bacau, Brasov, and Dolj and the municipality of Bucharest, the tractor industry in the counties of Dolj, Harghita, and Timis, the metallurgical industry in the counties of Calarasi, Olt, Tulcea, Salaj, and Teleorman, and the chemical and petrochemical industry in the counties of Arges, Bihor, Constanta, Dolj, Arad, Bacau, Ialomita, Mures, Teleorman, Giurgiu, Vilcea, and so on.
- The profound changes that have occurred in the life of all localities of the homeland in the period after 1968 have led to changes in the territorial-administrative organization of the country, corresponding to the current stage of economic and social development of

our homeland. Adopted by the Grand National Assembly in April 1989, the law on the improvement of the administrative organization of the territory of the Socialist Republic of Romania provides for, among other things, the creation of 28 new agroindustrial cities and establishes the necessary premises for the further development of industry, agriculture, services, and social, cultural, and civic-administrative activities in all cities and communes, in the spirit of self-management and self-administration, helping to expand the process of bringing the working, living, and cultural conditions in the villages closer to those in the cities.

- In the preparation of the programs for economic and social development of the counties, municipalities, cities, and communes—as integral parts of the sole national plan—the draft directive-program of the 14th Party Congress stresses the necessity of steadily implementing the policy of balanced distribution of the production forces over the territory of the country and the continuation of the process of organization and modernization of the localities, so that a volume of economic activity of at least 100,000 lei per capita may be achieved in each county in 1995. Agriculture will be developed in the communes, in particular, with the achievement of an output of at least 35,000-40,000 lei per agricultural hectare and 50,000-55,000 lei per arable hectare. At the same time, the activity of small-scale industry will be developed strongly in each commune, an activity that will reach an output of at least 6,000 lei per capita by the year 1995 and at least 10,000 lei per capita by the year 2000.

#### **More and More Active Participation in the World Economic Circuit**

The rapid development of the production forces, the continual growth of the output in all sectors of the national economy, and the progress made in modernizing production and the manufacturing technologies have made possible and necessary Romania's more and more active participation in the world economic circuit. Stressing the importance of this aspect of economic activity, the party's secretary general, Comrade Nicolae Ceausescu, has stated repeatedly that foreign trade activity constitutes an integral part of production activity, that without foreign trade it is not possible to successfully carry out the programs for developing our homeland.

Devoting particular attention to the development of foreign relations and economic collaboration with the CEMA member countries, with all the socialist countries, Romania has, at the same time, expanded and diversified its exchanges and economic cooperation with the developing countries, with all states of the world, regardless of size, potential, level of development, geographical location, or political and social system, placing at the basis of its economic relations the strict observance of the principles of national independence and sovereignty, full equality in rights, noninterference in

internal affairs, and mutual advantage. Romania now maintains economic and cooperative relations with 149 states, as compared with 17 states in 1945, 29 in 1950, and 98 in 1965.

- Our country's exportation has grown faster than world exportation, both as a whole and according to the group of manufactured goods, which has led to continual improvement in the country's participation in the world exchange of values. Having as a solid foundation the strong material base created in the years of socialist construction, especially after the Ninth Party Congress, the total volume of foreign trade in 1988 was 40 times higher than in 1950, exportation was 51 times higher, and importation was 30 times higher.
- Significant changes have occurred in our country's exportation, with a continual reduction in the exportation of raw materials and unprocessed agricultural products. Romanian products once absent from our country's export list have made their appearance on international markets: complex installations and equipment for metallurgy, the chemical industry, the petroleum and mining industry, and the construction-materials industry, highly technical products in the field of machine tools, electrical engineering, electronics, and precision machinery, diesel-electric locomotives, automobiles, tractors, and so on. As a result, there has been a rise in the percentage of machines, equipment, and means of transportation, of chemical products, and of industrialized consumer goods in Romania's total exportation, which came to over 63 percent in 1988, as compared with 7.2 percent in 1950 and 36.2 percent in 1965.
- The expansion of economic cooperation in production and scientific and technical cooperation have made a greater and greater contribution to the development of Romania's foreign economic exchanges. About one-fourth of the country's exportation is now achieved through such actions, securing in this way the importation of basic raw materials.
- As a result of the development of the national economy and the continual improvement in the structure of material production and exportation, positive trade balances were attained in the 1981-1985 5-year period and in the first 3 years of the current 5-year period, which helped to eliminate the foreign debt—a prestigious victory for Romanian policy in the field of foreign economic relations—thus securing the full economic and political independence of the homeland.
- In the next decade, too, beginning with the ninth 5-year plan, special attention will be devoted to the development of international economic, technical, and scientific relations and to the improvement of the collaboration and specialization within CEMA, with the other socialist countries, with all states of the world, regardless of social order.

- Our country's wider and wider participation in the international division of labor is given solid form in the provisions of the draft directive-program of the 14th congress, which stipulate the growth in the total volume of foreign trade by 55-58 percent in the 1991-1995 5-year period as compared with the current 5-year period, with higher growth, 58-62 percent, being provided for exportation.
- The marked development of exportation in order to meet the economy's need for imports, balance the balance of foreign payments, and attain Romania's more active participation in the international division of labor constitutes a main objective of the next 5-year period.
- The intensive development of the national economy and the raising of the technical and qualitative level of products will create conditions for Romania's more active and efficient participation in the international division of labor and in cooperation in production and scientific and technical cooperation on stable and long-term bases with the CEMA member states and the other socialist countries, with all states of the world, regardless of social order, especially the developing countries.

#### **Continual Growth in the Standard of Living and the Quality of Life**

The remarkable successes obtained in the growth of material production and its efficiency in the years of socialist construction, especially after the Ninth Party Congress, have constituted the foundation for continual growth in the standard of living and the quality of life of the entire populace. Throwing into relief the basic goal, the supreme reason for the strategy of building the new order, the party's secretary general, Comrade Nicolae Ceausescu, has repeatedly emphasized that our party's entire policy of forging and developing the new order, of continually raising the homeland's economic potential, of expanding and consolidating socialist ownership, and of increasing the material and spiritual wealth of our socialist society is subordinate to the basic goal of systematically increasing the people's well-being.

In Comrade Nicolae Ceausescu's view, the securing of the material and spiritual well-being of the people and the continual growth of the level of civilization have in view not only the satisfying of the requirements of a material nature but also the whole set of political, social, spiritual, and other conditions that lead to a new quality of work and life, to the full affirmation of the human personality. Everything that is being done in our homeland pursues the happiness of the entire nation, its multilateral prosperity, the well-being of man and the fulfillment of his personality, the providing of some of the best working and living conditions for each member of society. "In its entire policy," Comrade Nicolae Ceausescu stated, "our party has started and starts from the fact that the raising of the standard of material and

spiritual living of the people constitutes the basic objective of economic and social development, of our Communist Party's policy, the very essence of the multilaterally developed socialist society that we are successfully building in Romania."

- Our country's population—the main production force of society—has gone beyond 23 million inhabitants, it now being 7.5 million inhabitants bigger than in 1938, which represents a rise of nearly 50 percent. The percentage of the population that lives in municipalities and cities is now over 53 percent of the total population, as compared with 22.3 percent in 1938 and 33.7 percent in 1965.
- The active population has risen continually, reaching nearly 11.1 million persons in 1988 and registering an increase of 2.4 million persons since 1950; at the same time, significant changes have occurred in the structure of the employed population according to branches and sectors. In 1950, the population employed in nonagricultural sectors was 2.2 million, that is, about 26 percent of the entire population of the country, but it rose to about 8 million in 1988, representing nearly 72 percent of the total employed population.
- Within the employed population, a significant increase in worker personnel has occurred—from 2.1 million in 1950 to over 7.8 million in 1988, that is, by 3.7-fold, which is equivalent to 5.7 million new workplaces, of which over 3.5 million were created in the 1966-1988 period, particularly in the industrial branches and in construction, thus providing conditions for fully affirming the basic right of all citizens of the homeland, regardless of nationality, to work, to education, to a free and dignified existence.
- The number of worker personnel per 1,000 inhabitants has risen from 130 (including 50 in industry) in 1950 to 340 (including 160 in industry) at present.
- Stressing the fact that our socialist society is a society of free labor, which has the basic obligation to provide workplaces for all citizens, under any conditions of improvement and modernization of production and of growth in labor productivity, Comrade Nicolae Ceausescu stated: "The strong development of the production forces and of industry, agriculture, science, culture, and other activities has provided for the creation of new workplaces and the annual employment of young people in production. In the future, too, we will devote constant attention to providing workplaces for all able-bodied citizens and putting all young people to work."
- On the basis of the results obtained in the economic and social development of the country and in the growth of national income and national wealth, the continual growth of the population's incomes has occurred. In 1988, the pay fund for worker personnel was 293.2 billion lei, as compared with 10.1 billion lei in 1950 and 57.2 billion lei in 1965, and the average net nominal salary at the end of 1988 was 3,135 lei, as compared with 337 lei in 1950 and 1,028 lei in 1965.
- In keeping with the decision of the national party conference, beginning in the second half of 1988, the raising of the pay of all working people by about 10 percent was begun, an action that was completed on 1 July 1989, so that all categories of working people (nearly 7.9 million persons) are now getting higher pay.
- At the conclusion of the pay-raising action, the average pay came to 3,300 lei per month, as compared with 2,980 lei per month in 1987 (before the raise). During this action, the principles of socialist ethics and equity were firmly applied, a fact that ensured the more marked growth of low pay and a fair and, at the same time, stimulative ratio between high pay and low pay. Thus, in the first stage, 1 August-1 October 1988, the pay of worker personnel of up to 2,000 lei per month was raised, in steps, from which over 2.5 million working people benefited, mainly young people in their early years of activity in production or in various other sectors, and the minimum pay in the economy was raised from 1,500 lei to 2,000 lei per month, a raise of 33 percent, which represents the biggest pay raise in the years of socialism.
- In the period of 1 November 1988-1 January 1989, during the second stage, the monthly basic wages lying between 2001-2250 lei were raised, in steps, according to sectors and activities. About 1.9 million working people benefited from this raise, so that, as a whole, in the first two stages, over 4.4 million working people benefited from the raise, which represents nearly 60 percent of all worker personnel, to whom 5.8 billion lei in additional income went in 1988.
- The transition during 1989, in the period of 1 March-1 July, to the raising of pay in steps, according to branches and sectors, for the other categories of worker personnel, with basic wages above 2,250 lei per month, will lead to the obtaining of 24.4 billion lei in additional income this year, and in 1990, when all the working people will benefit from higher pay for the entire year, the additional income that will be achieved will come to 29 billion lei.
- The growth in agricultural output (vegetable and animal) in our country, the economic and financial strengthening of the cooperative agricultural units, the more active participation of the cooperative members in work, and the granting of stimulative prices for the agricultural and food products that the agricultural producers sell to the state through the contracting and purchasing system have led to growth in the incomes obtained by the peasantry from work in the agricultural production cooperatives and from personal farms. In 1988, these incomes (in money and in products), calculated per active person, were about 2,135 lei per month, as compared with 495 lei per month in 1965 and 167 lei per month in 1950.

- As it says in the Theses for the 14th Congress of the Romanian Communist Party, "the social and cultural expenditures financed from the state budget, which have risen constantly, coming to 14,000 lei per family in 1990, as compared with 3,530 lei in 1965, have had an important role in raising the standard of living."
- Free education for 5.6 million children, pupils, and students, medical care given free to the entire population, the payment of pensions for about 3.3 million social-security pensioners, CAP [agricultural production cooperative] member pensioners, IOVR [invalid, orphan, and war widow] pensioners, and state allocations for about 5 million children are now provided from the social consumption funds.
- The average pension for work done and old age with full length of service in work rose from 898 lei per month in 1970 to 1,887 lei per month in 1988.
- Along with the raise in pay, the raising of the state social-security pensions of up to 3,000 lei per month by 8 percent on the average, of the pensions for the loss of the ability to work, and of the pensions for war invalids has also occurred in our country in 1988-1989.
- In the period of 1 August-31 December 1988, the pensions of up to 1,500 lei per month were raised by various percentages, with the lower pensions rising 45.5 percent. Over 800,000 persons have benefited from these raises, with the additional income obtained totaling 300 million lei.
- Beginning on 1 March 1989, the state social-security pensions for work done and old age lying between 1,501-3,000 lei per month were raised, thus concluding the entire pension-raising action, from which nearly 1.4 million personal have benefited in all.
- It is worth noting that the allocations and other aid for children rose from 1.4 billion lei in 1957 to 2.7 billion lei in 1965 and to over 21 billion lei in 1988.
- In keeping with the general development of the national economy, with the growth and diversification of the production of consumer goods, and with the rise in the incomes of the population, the consumption fund has grown and the variety of products needed for consumption has increased. This has been reflected in the growth in the volume of retail sales of goods through socialist trade, which was 18 times higher in 1988 than in 1950 and 3.6 time higher than in 1965, in the upward growth of the volume of services performed for the population, and in the high rate in supplying durable goods to the population.
- An essential factor in social progress, education has been developed in accordance with the requirements of the national economy and is undergoing a continual process of modernization. Nearly 40 percent of the country's population was illiterate 45 years ago, but mandatory 10-year education now exists. The school population now represents nearly one-fourth of the country's population, as compared with 11.4 percent in 1938; the polytechnization of secondary and higher education and the connection of it with research and production to a greater degree have been done.
- Referring to the need to further improve education of all grades in order to provide solid professional, technical, and scientific training for all the working people, Comrade Nicolae Ceausescu pointed out in the speech at the Plenum of the RCP Central Committee on 27-28 June of this year: "Beginning in 1990, all young people will attend the second stage of secondary school, and thus 12-year education will be generalized. As early as in the early years of the 9th 5-year period, the young graduates of 12-year education will take part in production in all sectors. The conditions for raising the general professional, technical, scientific, and cultural level of all the working people are thus being created."
- In keeping with the rise in the general level of education of the population, culture and art have undergone strong development in the years of socialist construction. The development and modernization of the cultural and artistic network and the activity performed by the respective units have had a significant role in attaining this objective.
- The cultural activity in the rural area now takes place within nearly 7,800 "Cintarea Romaniei" [Song to Romania] communal centers (including village branches) for cultural and artistic activity and technical creation, coming to more than 3 units per commune on the average.
- The material base for cultural and educational activity in the urban area now includes 500 municipal, city, trade-union, student, youth, and other "Cintarea Romaniei" centers for culture and creation, over 21,000 libraries with nearly 187 million volumes, nearly 5,500 movie theaters and installations (as compared with only 338 in 1938), 436 museums, and 150 musical theaters and institutions, within which an intense educational activity to form the new man, a conscious builder of socialism, is being performed.
- The health network, which has been equipped with modern technical and medical apparatus of great precision and efficiency in the diagnosis of ailments, has been developed and expanded, and the number of physicians and middle-level health personnel has risen, with the number of inhabitants per physician dropping from 1,895 in 1938 to 472 in 1988.
- The steps taken in the field of health care, the consistent application of the policy of aid for families, in general, and for families with children, in particular, the decline in mortality, especially infant mortality, and the continual rise in the standard of living have led to the lengthening of the average lifespan—from

42 years in the prewar period to 63 years in 1956 and to nearly 70 years at present.

- Nearly 6 million dwellings have been built in the years of the forging of socialism, which has contributed decisively to providing a new quality of life. The vast activity of housing construction has acquired impressive dimensions in the Nicolae Ceausescu Era, a period in which practically all cities of the homeland have been rebuilt and modernized, with the number of apartments built from state funds in these years being 6.6 times higher than in the 1945-1965 period.
- In the future, too, housing construction will be developed, with 700,000 apartments—according to the provisions—being built from state funds in municipalities, cities, and future agroindustrial centers in the 1991-1995 period. Thus, the housing problem will be solved, with a living space of 10-12 square meters per inhabitant being provided in cities.
- As follows from the theses and draft of the directive program, which will be discussed and adopted by the 14th Party Congress, under the conditions of the development and modernization of all economic and social activities—on the basis of socialist ownership, the continual improvement of the production forces, the mechanization and automation of the work processes, and the growth in social labor productivity—a continual convergence between all social classes and categories will occur by means of the rise in the

general level of culture and civilization of the whole populace and the reduction of the essential differences between physical work and intellectual work, between the city and the village.

- In the years after the Ninth congress, our party has devoted special attention to developing the democratic forms of management of society. Starting firmly from the view that socialism must be achieved with the people and for the people, an original framework, unique of its kind, which provides for the participation of the working people, of the populace, in the management of economic and social life, of our entire society, in the preparation and implementation of domestic and foreign policy, has been created on the initiative of Comrade Nicolae Ceausescu.
- The great successes obtained by our people in socialist construction are the result of the efforts of the working class, the peasantry, the intelligentsia, of our entire nation, which, in complete unity, under the leadership of the Romanian Communist Party, are successfully carrying out the program for forging the multilaterally developed socialist society and steadily advancing our homeland toward communism. These successes illustrate strongly the viability of the new order and its immense creative potential, demonstrating that socialism is the only real path to freedom, progress, and well-being for all peoples of the world.